



# ANNUAL REPORT

YEAR 2013/14



## **OUR VISION**

A world class city where all communities enjoy a high quality of life

## **OUR MISSION**

To continuously improve the quality of life, economic growth and eradicate poverty through best practice, sustainability and inclusive governance.

## **DEVELOPMENT PRIORITIES**

Efficient provision of quality basic services and infrastructure within a well planned spatial structure;  
Drive diversified economic growth and job creation;  
Ensure municipal financial viability and management;  
Maintain clean, green, safe and healthy municipal environment for all;  
Transform and maintain a vibrant and sustainable rural development;  
Uphold good governance and public participation principles; and  
Drive optimal municipal institutional development, transformation and capacity building.

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## ACRONYMS

Acronym	Detail
CCTV	Closed Circuit Television
COGTA	Department of Co-operative Governance and Traditional Affairs
DPME	Department: Monitoring and Evaluation
DPLG	Department of Provincial and Local Government
DTI	Department of Trade and Industry
EEP	Employment Equity Plan
EIA	Environmental Impact Assessment
GDP	Gross Domestic Product
GIS	Geographic information system
HH	Households
HIV/AIDS	Human Immunodeficiency Virus Infection/Acquired Immunodeficiency Syndrome
HR	Human Resources
ICT	Information and Communication Technology
IDP	Integrated Development Plan
IRPTN	Integrated Rapid Public Transport Network
IT	Information Technology
KPI	Key performance Indicator
LAN	Local Area Network
LED	Local Economic Development
MFMA	Local Government: Municipal Finance Management Act 56 of 2003
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MOU	Memorandum of Understanding
MPRA	Local Government: Municipal Property Rates Act 6 of 2004
MSA	Local Government: Municipal Systems Act 32 of 2000
MTEF	Medium- term Expenditure Framework
NDP	National Development Plan
NGO	Non-government Organisation
PDI	Previously disadvantaged individuals
PIP	Performance Improvement Plan
PMS	Performance Management System
PMU	Project Management Unit
PR	Proportional Representation
RRT	Rustenburg Rapid Transport
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SEDA	Small Enterprise Development Agency
SETA	Sectoral Education Training Authority
SHI	Social Housing Institutions
SLA	Service Level Agreement
SMMES:	Small, Micro and Medium Enterprises
WAN	Wireless Area Network
WSP	Workplace Skills Plan

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# CHAPTER 1

## COMPONENT A: EXECUTIVE MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

### EXECUTIVE MAYOR'S FOREWORD



When we assumed Office in 2011, we declared the five years of our tenure as *“a season of revitalizing the local economy, accelerating infrastructure development and consolidating revenue management”*.

We made this declaration with the understanding that a lot is expected from us as the Municipality. Ever since, all hands have been on deck, working hard towards our 2025 vision of developing Rustenburg into a world class city where all communities would enjoy quality of life. After twelve (12) months in Office we received eight (8) PMR Awards, that is; five diamonds and three gelds. We were so humbled by this gesture.

However, we never allowed complacency to deceive us and hold us back from our vision. We steadfastly continued to do what we had to do, namely; continuously improving the quality of life, economic growth and eradicate poverty through best practice, sustainability and inclusive governance.

The performance of an organization is integrally linked to that of its staff. In this regard, we resolved to accelerate work performance of individuals to a higher level, to develop the capacity and ability of the Municipality so as to sustain performance, by encouraging individual accountability and responsibility, thus providing a tool for managers to manage performance of their staff.

This well-thought out strategic approach will surely enable us to achieve our first priority of municipal financial viability, underpinned by the following objectives: clean audit, revenue enhancement, fraud and corruption free administration and correct supply chain management practices.

We are happy that we have for the past two financial years, steadily improved spending of Infrastructure Allocations on the 2011/2012 and 2012/2013 projects, as per the Close Out Report for the year under review. We will continue with this positive trend, thus enabling us to sustain stable governance in our Municipality.

We remain resolute to further mitigate the situation to ensure that our objective of a clean audit is not missed. We thus call upon the entire management to remain focused on this course with consistency and unwavering commitment.



In this regard, we have come up with the following measures to ensure that this commitment is realized:

We embarked on the annual Mayoral Izimbizo, extensive public participation program and Ward Committees visits with the objective to review the Integrated Development Program, budget related policies and by-laws.

We have a sustainable Mayoral Stakeholder Engagement Committee which interacts with the mining sector on a monthly basis.

We hold quarterly meetings of the IDP representatives' forum which is inclusive of a wide range of stakeholders.

We are positive and confident that with the establishment of the Municipal Public Accounts Committee as well as the Performance Audit Committee to oversee governance and accountability, we are gradually and surely moving towards our target of attaining clean audit.



**CLLR M. E. KHUNOU**  
**EXECUTIVE MAYOR**

**1.1 MUNICIPAL MANAGER'S OVERVIEW**

**Mr B Khenisa:**  
**Municipal Manager**

The 2013/2014 Annual report has been compiled in line with the Local Government: Municipal Systems Act 32 of 2000, the Local Government: Municipal Finance Management Act 56 of 2003, as well as National Treasury MFMA Circular No. 63 which is to provide guidance to municipalities and municipal entities on the new Annual Report format and its contents.

This report records the progress made by the Municipality in fulfilling its objectives as reflected in the IDP, the Budget and the Service Delivery and Budget Implementation Plan.

It also reflects on challenges and priorities for the 2012/13 financial year. The Rustenburg Municipal Council is currently in its third year in office since the local government elections held in 2011. Despite the ebbs and flows experienced during the 2013/2014 financial year, the municipality remains firmly on course in realizing its vision to be *"A World Class City, Where All Communities enjoy a High Quality of Life"*. This year, like the previous years, the municipality assessed its performance against the seven (7) municipal priorities as contained in the Integrated Development Plan (IDP) 2012/17.

During the 2013/14 financial year, two (2) of the Section 56/57 managers contracts expired, but were subsequently re-appointed namely Director: Public Safety and Director: Community Development. The Municipal Manager, Dr MK Mako resigned from the municipality which rendered the post of Municipal Manager vacant. Since then the municipality had three (3) Acting Municipal Managers appointed on a three (3) monthly basis, who managed to do very well under trying circumstances. Institutional stability were brought about with the appointment of the Municipal Manager which occurred in September 2014.

The Council's Top 10 risks were used to develop mitigation plans. Mitigations are crucial part of risk management in assisting the municipality in achieving its strategic priorities. The appointment of the Chief Risk Officer will ensure that much more emphasis is placed on risk management.

A special word of thanks to the officials of Rustenburg Local Municipality who steered the ship through ebbs and flows, the councillors for their oversight, particularly the Executive Mayor, the Speaker and the Single Whip of Council and the Chairperson of MPAC.



**MR B KHENISA**  
**MUNICIPAL MANAGER**

## 1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

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### ABOUT RUSTENBURG LOCAL MUNICIPALITY

Rustenburg Local Municipality is a category B municipality consisting of 38 wards. Rustenburg Local Municipality (RLM) is one of five municipalities within the Bojanala District Municipality in the North West Province.

Rustenburg Local Municipality is located in the eastern parts of the North West Province and is accessible to a number of major South African urban centers. These centers include Johannesburg and Tshwane, which are located approximately 120km from Rustenburg. Smaller centers surrounding Rustenburg are Madibeng, Mogale City and Zeerust in the Ramotshere Moilwa Local Municipality. Rustenburg is linked to the above urban centers through an extensive regional road network. The most notable of these is the N4 freeway or Platinum Corridor, which links Rustenburg to Tshwane in the east and Zeerust to the west. The R24 links Rustenburg to Johannesburg in the south and Moses Kotane Local Municipality to the north.

### GEOGRAPHIC PROFILE

No	Key Statistics	Rustenburg	North West	National Total
1	Size of area (km <sup>2</sup> )	3,430	105,076	1,221,246

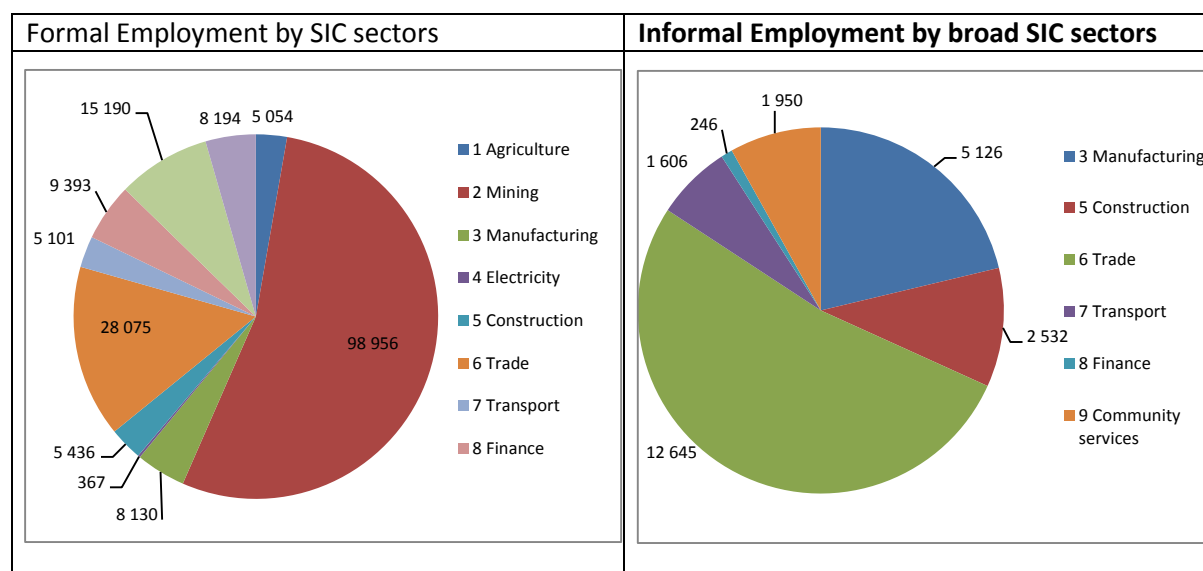
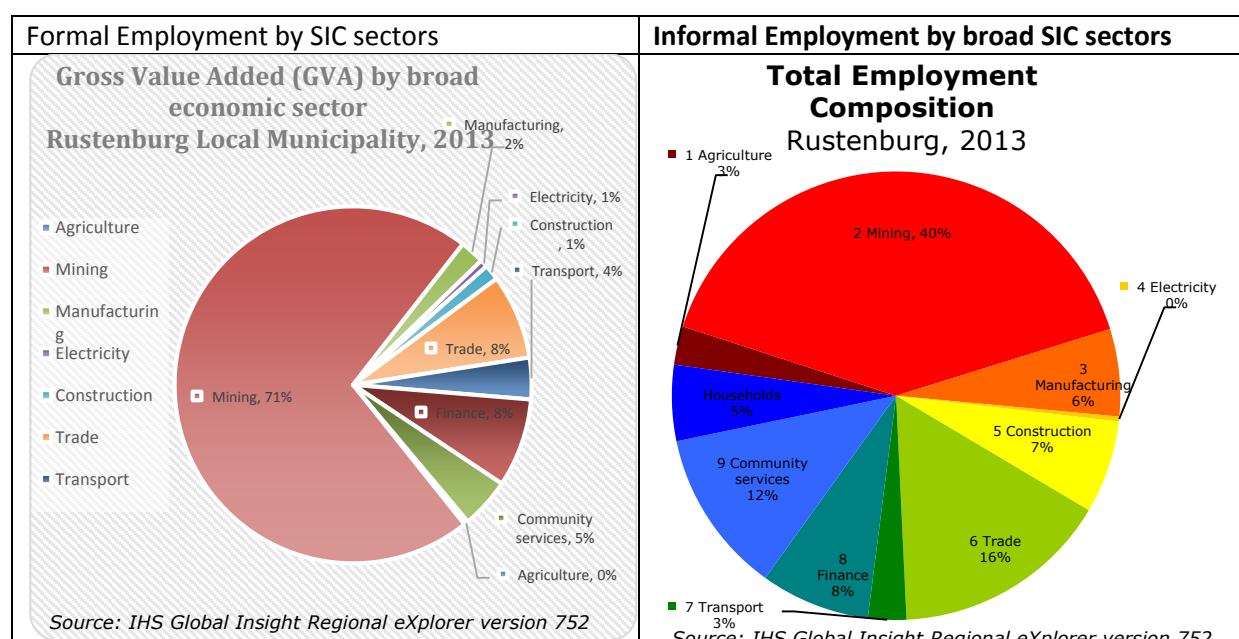
### DEMOGRAPHIC PROFILE

According to Global Insight (2014), the following are population statistics for Rustenburg Local Municipality:

No	Key Statistics	Rustenburg	North West	National Total
1	Total Population	581,336	3,611,176	52,970,625
2	Population Density (number of people per km <sup>2</sup> )	169,49	34.37	43.37
3	Number of households	208,528	1,235,372	15,139,198

Rustenburg Local Municipality comprises of 15.7% of the province's population and 36.5% of the Bojanala Platinum district population. The gender distribution of the municipality is as follow: 54% males and 46% females. The area had a massive population growth rate of 38.9%.

## ECONOMIC PROFILE



## COMMENT ON BACKGROUND DATA

The significant growth in Rustenburg is largely attributed to the impact of the world's four largest mines in the immediate vicinity of the town, namely, Anglo Platinum, Impala Platinum, Xstrata and Lonmin. Approximately 97% of the total platinum production occurs in Rustenburg, with the mining sector providing around 40% of all formal employment.

Migration into the area, which resulted in population explosion, is a major challenge to the municipality because it puts a strain on the planning and budgetary processes of the municipality. Consequently, the municipality is frequently forced to provide for the needs of all residents in a satisfactory manner even if the influx is not budgeted for. The municipality have recorded a steady increase between 2001 and 2011 of foreign nationals who now reside in Rustenburg.

It is clear that half of the people are employed in the mining sector (98 956 individuals), followed by trade (28 075) and community services (15 190). Apart from the mining sector, the RLM is quite diversified in terms of the other sectors found in the area. The majority of informal employment are in the trade sector (12 645), followed by manufacturing (5 126) and construction (2 532).

### 1.3 SERVICE DELIVERY OVERVIEW

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The municipality is providing basic services to all residents within its area of jurisdiction as expected in spite of the challenge of having to cater for the unplanned population explosion. According to Census 2011, the residents of Rustenburg have reported to having access to the following basic services:

#### Basic Services provided to households in the Rustenburg Local Municipality

No.	Type of Service	% of Population
1	Weekly refuse removal	82
2	Access to electricity	79
3	Access to sanitation, including flush toilets	84
4	Access to piped water	91
5	Reside in formal dwellings	69

### 1.4 FINANCIAL HEALTH OVERVIEW

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Rustenburg Local Municipality went through a difficult time financially, the strikes in the Platinum Mining Sector during the 2013/14 financial year brought financial hardships to the communities of Rustenburg. The municipality experienced loss of revenue due to consumers' inability to meet their financial obligations in the form of rates and taxes as well as service charges. Operations at the mines were downscaled and impacted directly on the revenue the municipality received from mines in the form services such as water and electricity. In February 2014, the municipality was compelled to introduce austerity measures as part of costs containment.

The municipality closed the year with a balance of R 424 million on cash and cash equivalents. The net operating results into a deficit of R 72 million due to increase in debt impairment by 100% as a result of the strike that lasted for more than six months. The expenditure for 2013/14 increased by 19% compared to actual of 2012/2013 and the operating revenue increased by 11%. The municipality's original approved capital expenditure for 2013/2014 amounted to R 1,3 billion. This capital budget was adjusted to R 1.6 billion during budget adjustment to include additional allocations and rollovers in respect of conditional grants approved by National Treasury. The actual expenditure incurred during the financial year in respect of property, plant and equipment amounted to R957 million which resulted in an under spending of R643 million or 40%. The municipality secured a loan of R308 million from DBSA and out of the R308 million only R200 million was received for the 2013/2014 financial year.

The Trust prepares monthly income statements and balance sheets and submits them to the parent municipality for submission to council. The Trust is operating and maintaining four (4) sewer treatment plants and two (2) potable water plants. The municipality pays for the service in cents per

kilolitre purified and treated. The Trust then repays the loans as well as the service providers for cleaning the water and maintaining the plants.

The comparison between the budget and actual results as reflected in the Statement of Financial Performance in the Annual Financial Statements is as follows:

	Original Budget	Adjusted Budget	Actuals	Achievement
	R	R	R	%
Operating income	2,795,593	3,159,702	3,510,209	111.09%
Operating expenditure	2,773,724	3,597,702	3,547,537	98.60%
Surplus / Deficit	21 869	-438,000	-37,327	-8.52%

#### Comparison between the budget and actual results

The total cash and cash equivalent as at the end of the financial year had decreased from R654 680 130 on 01 July 2013 to R424 978 610.00 on 30 June 2014.

The average collection rate for billed customers for the 2013/14 financial year is 87.0 %, which is lower / higher than the targeted rate of 1.0%

Operating income increased in total by 6.75% from R3, 238,752 in 2012/13 to R3, 457,524 in 2013/14. The following tariff increases were approved during the 2013/14 financial year:

No	Service	%
1	Assessment Rates	2% to 5%
2	Electricity	5,8% to 6.8%
3	Refuse removal	5% to 7%
4	Sanitation	5%
5	Water	5%

#### Tariff increases

The weighted average increase for the above services is 5,8%. The municipality's total income increased by 11.0% from 2012/13 to 2013/14. By implication, the municipality's main source of income in real terms has increased in 2013/14. This can be explained by comparing the tariff increase with the increase in revenue as set out below:

No	Service	% Tariff increase in 2012/13	% increase in income 2013/14
1	Assessment Rates	5%	5%
2	Electricity	7%	6%
3	Refuse removal	5%	5%
4	Sanitation	5%	5%
5	Water	5%	5%

#### Comparison between tariff increase and increase in revenue

The following summary of the Statement of Financial Performances as reflected in the Annual Financial Statements give the actual results, as a percentage of the Adjusted Budget:

Total Capital Expenditure: 2011/12 to 2013/14				
No	Detail	2011/12	2012/13	2013/14
1	Original Budget	517,658	687, 929	1,363,578
2	Adjustment Budget	528,575	949 749	1,682,264
3	Actual Performance	295 601	290 669	957 876
4	Percentage Capital Actually spent on the Original Budget	57%	42%	70%
5	Percentage Capital Actually spent on the Adjustment Budget	55%	30%	57%

## Total Capital Expenditure

## 1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

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### ORGANISATIONAL DEVELOPMENT PERFORMANCE

During the 2013/14 financial year, two (2) of the Section 56/57 managers contracts expired, but were subsequently re-appointed namely:

- Director: Public Safety and
- Director: Community Development

The municipality recruited and placed 207 staff members during the financial year under review. The staff establishment has a vacancy rate of 30.0%. No performance bonus was paid to employees appointed in terms of section 56 of the Local Government: Municipal Systems Act, 2000 (Act No, 32 of 2000) and fixed term contract employees for the 2012/13 financial year.

## 1.6 AUDITOR GENERAL REPORT

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### AUDITOR GENERAL REPORT: 2013/2014

The municipality received a qualified audit opinion for 2013/14. Upon receiving the audit opinion, the municipality developed an action plan for implementation. Meetings of the operation clean audit committee are being convened on a weekly basis to track progress in relation to the audit action plan. Stricter measures were introduced such as a consequence management procedure as part of behavioural change. The Executive Mayor and the Municipal Manager meet with the Auditor-General on a monthly basis.

## **1.7 STATUTORY ANNUAL REPORT PROCESS**

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According to the processes prescribed by the Municipal Finance Management Act, 2003, the Executive Mayor must within seven months after the end of the financial year table the municipality's Annual Report in Council. Thereafter the accounting officer must make the annual report public; and invite local communities to submit representations to the Municipal Public Accounts Committee (MPAC). The Municipal Council must consider the oversight report from the MPAC on the annual report during an open meeting. The oversight report should include all submissions made by the local communities and other stakeholders like sector departments.

### **COMMENT ON THE ANNUAL REPORT PROCESS**

This Annual Report was compiled according to the requirements of the Municipal Finance Management Act, 2003 (Act No 56 of 2003) and Municipal Systems Act, 2000 (Act No. 32 of 2000) as amended and MFMA Circular No 63 dated September 2012. The main objective or purpose of this report is:

- to provide a record of activities of the municipality and Rustenburg Water Services Trust during the financial year under review;
- to present the results of performance against the budget of the municipality and municipal entity for the financial year; and
- To promote accountability to the local community for the decisions made during the financial year ended June 2014 by the municipality and the Board of Trustees of Rustenburg Water Services Trust.



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## Chapter 2

### GOVERNANCE

#### INTRODUCTION TO GOVERNANCE

This chapter presents governance mechanisms, structures and systems that were put in place to ensure that the municipality complies with legal requirements. These include community participation, oversight, monitoring and evaluation and how the municipality communicates with and account to the community. To ensure that accountability and governance arrangements are in place, Section 18(1)(d) of the Municipal Systems Act, 2000 (Act no 32 of 2000), read with Section 121(2)(c) of the Municipal Finance Management Act, 2003 (Act no 56 of 2003) prescribes that information on matters of governance should be communicated to communities. This should, according to Sections 65(1) (a) of the MFMA and 46 of the MSA be undertaken through the compilation and publication of the Annual Report. The purpose of such an annual report is to promote accountability to communities for decisions taken by the Council and matters relating to administrative structures, throughout a financial year.

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Rustenburg Local Municipality is implementing an Executive Mayoral and Ward Participatory System of local governance, which ensures that the municipality involves the community and that all citizens within the area of jurisdiction of the municipality are represented in decision making processes. This practice has increased residents' sense of belonging and pride, accountability and empowerment and actively involves them in all issues dealt with by the municipality.

Administrative governance ensures transparent administration, regular feedback to the community and compliance with the rules, processes and laws by which Council operates and is regulated and controlled.

#### 2.1 POLITICAL GOVERNANCE

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#### INTRODUCTION TO POLITICAL GOVERNANCE




The council of RLM is constituted by 76 Councillors, with 38 ward and 38 proportional representative Councillors. The Mayoral Committee consisting of ten (10) members. Ward Councillors chair ward committees whose responsibility is to discuss issues of local concern.

Political Party	Number Councillors	Gender Distribution	
		Male	Female
African Christian Democratic Party	1	1	-
African National Congress	54	33	21
Congress of the People	1	1	-
United Christian Democratic Party	1	1	-
Freedom front+	1	-	1
Independent	3	3	-
Democratic Alliance	15	10	5
<b>SUB-TOTAL</b>	<b>76</b>	<b>49</b>	<b>27</b>

#### **The party-political representation of Councillors**

The Council elected the Speaker, Cllr B.B Marekoa-Kodongo in terms of section 36 of the Municipal Structures Act, 1998 (Act No. 117 of 1998), per item 292 of 25 September 2012, to chair Council meetings and is also responsible to capacitate Councillors and Ward Committees.

The municipality operates within an Executive Mayoral System under the leadership of Executive Mayor Cllr M E Khunou, who was appointed as per section 55 of Municipal Structures Act, 1998 (Act No. 117 of 1998), per item 99 of 01 June 2011. Cllr. Happy Serongoane was elected as the Single Whip of the Council per item 293 of 25 September 2012.

		
Cllr M E Khunou	Cllr Marekoa-Kodongo B.B	Cllr Serongoane P.H
Executive Mayor	Speaker	Single Whip

Rustenburg Local Municipality established committees within the Executive (Mayoral Committee) in terms of Section 80 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998) to assist the Executive Mayor in terms of Section 80 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998). These committees are chaired by Members of the Mayoral Committee (MMCs) as stipulated in chapter above and are as follow:

			
Cllr Mhlungu S.D.M	Cllr Makhaula V.N.	Cllr Malebane-Metsing PIR	Cllr Mataboge A.L.
MMC Community Development	MMC Human Settlements	MMC LED:	MMC Planning & Transport

			
Cllr Pitsoe D.I	Cllr Lekoro B.F.	Cllr Mpengu M.L	Cllr Mabale-Huma S.S.K
MMC Corporate Support	MMC IDP & Legal	MMC Technical and Infrastructure Services	MMC: Budget & Treasury

	
Cllr Coetzee D	Cllr Kgaladi P.L
MMC IGR, Traditional Affairs and Special Projects	MMC Public Safety Services

## OTHER COMMITTEES

The council further established the following committees in terms of Section 79 of same Act of 1998 to provide special advice on specific technical issues:

- IDP/ Budget Steering Committee;
- Local Labour Forum (LLF);
- Performance Audit Committee;
- Municipal Public Accounts Committee (MPAC);
- Risk Management Committee; and
- Rules of Order.

## PERFORMANCE AUDIT COMMITTEE (PAC)

The Performance Audit Committee was established in terms of the Local Government Municipal Planning and Performance Management Regulations (2001) and section 166 of Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

The members of the Performance Audit Committee were appointed by the council of the municipality. It consists of four members with appropriate experience and are not in the employment of the municipality or municipal entity. They meet as often as required to perform the committee's functions, but at least four times a year as prescribed by the MFMA section 166(4)(a)(b) and (5).

The role of the PAC is to assist Council, Management and Internal Audit in relation to:

- Improving the quality of accounting and internal control functions
- Strengthening the objectivity and credibility of financial reporting
- Strengthening the independence of the internal audit functions
- Creating a climate of discipline and control, this will allow for reduction of fraud opportunity.

The Performance Audit Committee does not perform any management functions or any management responsibilities, as this could prejudice the objectivity of the Committee. The following table presents the members of the PAC during the period under review:

MEMBER	TERM	STATUS
Mogotsi I.S (Chairperson)	2009 – 2013	Current
Ntshiea E.M	2012 - 2015	Current
Tjale A	2014 - 2017	Current
Latiff A	2014 - 2017	Current

### Members of the PAC

The recommendations of the Performance Audit Committee for the 2013/4 financial year are attached as Appendix G.

## 2.2 ADMINISTRATIVE GOVERNANCE STRUCTURE

The Municipal Council appointed the management team as depicted in Table below to ensure that the municipality provides services to the communities as captured in the Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP):




Name of Official	Designation
Khenisa, B	Accounting Officer
Mabe, C.	Chief Audit Executive
Makona, S V	Chief Operations Officer
Molefe, S.G. P	Chief Financial Officer
Mokgwamme, M.N.	Director: Technical and Infrastructure Services
Motsepe, P	Director: Community Development
Segatle, F.S	Director: Corporate Support Services
Kola, J R	Director: Local Economic Development
Kotsedi, S.S.	Director: Public Safety
Pieters, J C	Director: Planning and Human Settlement
Kgwathe A	Acting Director : Rustenburg Rapid Transport (RRT)
Rademeyer, J	Manager: Office of the Municipal Manager
Tau, M (Dr)	Manager: Strategy and Planning

The Municipal Manager is the link between the Municipal Council and the administration and therefore, accounts to the Council through the Executive Mayor. The day-to-day management of the affairs of the municipality is carried out by the Municipal Manager and assisted by his team of senior managers. From the above list of managers are the senior managers namely Section 57 managers:

		
Mr Makona SV Chief Operations Officer	Mr Pieters C.J. Director: Planning & Human Settlement	Mr Mokgwamme N.M Director: Technical & Infrastructure Services



		
Mrs Molefe G.S. Chief Finance Officer	Mrs Motsepe P Director: Community Development	Mr Segatle S.F Director: Corporate Support Services

		
Mr Kotsedi S.S. Director: Public Safety	Mr Kola J.R Director: LED	Mr Rapoo M.K Director: RRT

The Municipal Manager has established the following administrative committees to assist him to perform his duties in accordance with the principles of good governance and legislative stipulations and statutory frameworks:

- Strategic Management Committee (MANCO);
- Bid Specification, Evaluation and Adjudication Committees;
- Audit Steering Committee;
- City Branding Committee

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Proactive cooperation between all spheres of government is critical for efficient and effective service delivery if the municipality is to succeed in its developmental role. Each sphere of government has a role in the development planning, prioritization and resource allocation and management. The Intergovernmental Relations Framework Act (IGRFA) was passed in 2005. The Act provides a framework for the cooperation among the three spheres of government as distinctive, interdependent and interrelated, and it defines the responsibilities and institutional structures to support closer cooperation.

## **2.3 INTERGOVERNMENTAL RELATIONS**

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### **DISTRICT INTERGOVERNMENTAL STRUCTURES**

Rustenburg Local Municipality is an active participant in the Bojanala Platinum District Municipality's Intergovernmental Relations (IGR) Forum through the following structures:

Political IGR: where mayors and other politicians discuss local and district service delivery issues of common interest and challenges are resolved.

Technical IGR: Accounting officers and other senior managers meet on a quarterly basis to discuss progress on service delivery, barriers to policy implementation and how these could be escalated to the political forum for resolution.

IDP Managers Forum: These managers also meet on a quarterly basis to discuss progress in the implementation of each municipality's IDP and make recommendations to the Technical IGR for further processing.


### **RELATIONSHIP WITH MUNICIPAL ENTITIES**

The municipality established Rustenburg Water Services Trust to manage the wastewater purification on its behalf. The Local Government: Municipal Finance Management Act, 2003 read with the Local Government: Municipal Systems Act, 2000 prescribes that Municipal Entities must fully account and report to the parent municipality. The law further requires that budgets and annual financial statements should be consolidated, which in essence requires full interaction between the parent municipality (Rustenburg Local Municipality) and the municipal entity (Rustenburg Water Services Trust).



## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

	The Municipal Public Accounts Committee (MPAC) is established in terms of section 79 of the Municipal Structures Act, 1998 (Act No 117 of 1998). The committee was established for the effective and efficient performance of the oversight function on behalf of council. MPAC is comprised of councillors with the exception of the Executive Mayor, Speaker, Chief Whip, or a Member of Mayoral Committee (MMC). Councillors serving on the MPAC were appointed for a term which corresponds to the term of office of the current Council.
Cllr Phiri J.M	
Chairperson: Municipal Public Accounts Committee	

### MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

The committee had the following meetings during the period under review plus other special meetings to investigate special projects as directed by the council or as may be necessary in accordance with the approved work programme:

#### Number of MPAC Meetings held

No.	Details of the Meeting	Total number held
1	Scheduled	8
2	Auditor General	3
3	Public Participation	32

The primary functions of the Municipal Public Accounts Committee are as follows:

- To consider and evaluate the content of the annual report and to make recommendations to Council when adopting an oversight report on the annual report;
- In order to assist with the conclusion of matters that may not be finalized, information relating to past recommendations made on the Annual Report, must also be reviewed. These relates to current in-year reports, including the quarterly, mid-year and annual reports;
- To examine the financial statements and audit reports of the municipality and municipal entities, and in doing so, the committee must consider improvements from previous statements and reports and must evaluate the extent to which the Performance Audit Committee's and the Auditor General's recommendations have been implemented.
- To promote good governance, transparency and accountability on the use of municipal resources;
- To recommend or undertake any investigation in its area of responsibility, after reviewing any investigation report already undertaken by the municipality or the Audit Committee; and
- To perform any other functions assigned to it through a resolution of council within its area of responsibility.

## 2.4 PUBLIC MEETINGS

### COMMUNICATION, PARTICIPATION AND FORUMS

Rustenburg Local Municipality therefore places a high regard on public participation and involvement of communities in the governance and management of the municipality. In pursuance of this commitment, the municipality has embarked on a number of public participation initiatives, both on executive and legislative level of the municipal council, to ensure that communities participate in the development of their areas and that the municipality is accountable to the public. These initiatives are discussed in detail hereunder:

#### IDP Engagement with communities (Planning and Preparatory Phase)

The IDP Representative Forum consists of members delegated from different Ward Committees that were elected in terms of guidelines developed by the DPLG/COGTA. The forum is convened on a quarterly basis to receive the municipality's performance results and feedback of the past three months. Secondly, the meeting is used to confirm and prioritise the needs that were identified during the Executive Mayoral Izimbizo. The list of priorities is used during the strategic planning process. The IDP review meetings were held with ward committees from 38 wards:

No.	Date	Place / Ward	Venue
1	21 October	RDP (Ward 31)	Open Space
2	22 October	Mfidikwe (Ward 34)	Mfidikwe Primary School
3	23 October	Barseba (Ward 30)	Tribal Offices
4		Tlapa (Ward 29)	Tlapa Primary School
5	24 October	Lethabong (Ward 27)	Community Hall
6	28 October	Tlhabane ((Ward 11)	Rampa Primary School
7	30 October	Maile : Rooikraal (Ward 25)	Open Space
8		Tlaseng (Ward 26)	Seolo Middle School
9	04 November	Mogono (Ward 3)	Mogono Primary School
10		Ratau (Ward 4)	Thethe High School
11	05 November	Lenatong (Ward 5)	Lesedi Church
12		Phokeng (Ward 6)	Sarone Primary School
13	06 November	Boschfontein (Ward 36)	Open Space
14	07 November	Seraleng (Ward 37)	Banapele Primary School
15		Boitekong (Ward 38)	Extension 13 Sports Ground
16	11 November	Ramochana (Ward 18)	Ramochana Sports Ground
17		Boitekong Extension 23 (Ward 19)	Community Hall (Extension 23)
18	12 November	Freedom Park (Ward 24)	Regional Community Centre
19		Meriting (Ward 12)	Meriting Community Hall
20	14 November	Lefaragatlha (Ward 7)	Lefaragatlha Community Hall
21		Rustenburg (Wards 14 – 17)	Old Town Hall
22	18 November	Rietvlei (Ward 16)	Rietvlei Sports Ground
23		Geelhoutpark (Ward 8)	Geelhoutpark Secondary School
24	19 November	Rustenburg North (Ward 13)	Rustenburg North Primary School
25	20 November	Tlhabane (Wards 9 & 10)	Tlhabane Community Hall
26	21 November	Zinniaville (Ward 18)	Zinniaville Primary School

No.	Date	Place / Ward	Venue
27	02 December	Sunrise Park (Ward 22)	Sunrise Park Community Hall
28		Kanana (Ward 23)	Old Clinic
29		Mmaditlhokwa (Ward 32)	Open Space)
30	04 December	Boschoek (Ward 01)	Boschoek Farm Ministries
31		Robega (Ward 02)	Bonwakgogo Primary School
32		Boitekong Extension 8 (Ward 20)	Open Space
33	09 December	Boitekong Extension 5 (Ward 21)	Open Space
34		Mathopestad (Ward 36)	Tribal Offices
35		Molote City (Ward 36)	Molote Community Hall
36	11 December	Photsaneng (Ward 33)	Photsaneng Primary School
37	12 December	Kroondal (Ward 35)	Tirelong Intermediate School

#### **IDP Review Meetings held**

##### IDP and Budget Process (Tabling Phase)

The Draft Reviewed IDP and draft budget were adopted by the Municipal Council on Tuesday, 25 March 2014 per Item No. 100 and were open for comment by the public from Wednesday, 26 March 2014 until 30 April 2014. The documents were advertised for public awareness and community members were encouraged to comment on both these documents. Public meetings were held throughout the municipal area during this period to provide answers to the community in connection with these documents. The following table presents a schedule of all meetings that were held in this regard:

No.	Date	Place / Ward	Venue
1	23 April 2014	Wards 14 – 17	Old Town Hall
2	24 April 2014	Wards 12, 18 – 24, 37 and 38	Paardekraal Community Hall
3		Wards 1 & 2	Boschoek Community Hall
4		Wards 25 – 30	Lesung Community Hall
5	29 April 2014	Wards 3 – 6	Phokeng Community Hall
6		Wards 31 – 36	Photsaneng Community Hall
7	30 April 2014	Wards 7 – 11 and 13	Tlhabane Community Hall

#### **Public Meetings held**

##### Executive Mayoral Imbizo Programme

Rustenburg Local Municipality took a conscious and deliberate decision to make public participation a strategic priority in order to deepen democracy and practice inclusive and good governance. The Executive Mayor's Outreach Programme is an opportunity for the municipality to report to the communities on the progress made on the implementation of the IDP. These mayoral imbizos are held on an annual basis. A total of 37 meetings were held during the period under review with attendances ranging from 200 to 500 people attending per meeting. The review of the IDP presents the municipality with an opportunity to take all the issues that were raised during these meetings into consideration.

##### Mayoral Stakeholder Engagement Committee (MASECO)

The Mayoral Stakeholder Engagement Committee (MASECO) is an internal committee of the Rustenburg Local Municipality that serves as the face of the municipality. The municipality engages with all mining companies and other stakeholders who have an interest or are affected by the mining operations in the area through this committee.

#### Council meetings

Council meetings are held on a monthly basis and they are open to the public, except when Council is in committee.

#### Sector Departments, Business / Professional Service Providers & other Stakeholders

Professional service providers were engaged where certain specialised services were needed like when the municipality embarked in the development of area based plans.

### **WARD COMMITTEES**

The municipality has established 37 ward committees since 2012 that convene monthly meetings that serve as a platform for interaction, engagement and sharing information between the Ward Councillor and committee members. Ward councillors and their ward committees conduct meetings in their areas to give feedback on the performance of the municipality to the communities on a quarterly basis and assist in addressing developmental needs and challenges. Refer to Appendices E and F for more information on the composition and functionality of these committees.

## **2.5 IDP PARTICIPATION AND ALIGNMENT**

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The area based plans are aligned or incorporated into the IDP of the municipality. All government and nongovernmental organisations that operate in the area of jurisdiction of the municipality are expected to submit their developmental projects to the municipality for inclusion in the IDP.

## COMPONENT D: CORPORATE GOVERNANCE

### OVERVIEW OF CORPORATE GOVERNANCE

The scope of corporate governance includes political, administrative, inter-governmental governance and public accountability and participation to ensure that the municipality is managed to the desired requirements of the community and within the rules, processes and laws by which the municipality operates and is regulated and controlled.

### 2.6 RISK MANAGEMENT

#### INTRODUCTION TO RISK MANAGEMENT

According to the Local Government: Municipal Finance Management Act, 2003, the Municipal Manager, as the accounting Officer of the municipality, is expected to maintain an effective system of risk management for the achievement of the objectives of the municipality as contained in the IDP. The main responsibility of the Municipal Manager is therefore; to proactively identify and manage risks since it is a key focus area in the municipality. The Mayoral Committee, Performance Audit Committee and the Management Committee (MANCO) of the municipality continued to demonstrate its support and commitment to the Enterprise Risk Management Framework and to recognise the importance of a robust internal control environment in the effective management of risks, enhancing governance, and improving performance and stakeholder confidence.

The municipality has not done well in its quest to manage risk, particularly in terms of improving the Supply Chain Management policies and process; Regulatory Compliance; ICT governance; Employee related costs; Pre-determined objectives; Revenue Management; Capital expenditure. The municipality is in the process of enhancing its risk control framework to improve the management and mitigation strategies for critical and emerging risks inherent in all change initiatives.

The following table presents the municipality's risks and aligns them to the strategic objectives. The treatment and controls in the table are a high level summary of the top five (5) risks.

No	Risk Description	Rating	IDP Priority	IDP Objective	Mitigation Strategies.
1	Uncontrolled electricity losses	25	Ensure municipal financial viability and management	Develop and implement integrated financial management systems to support municipal programmes and ensure internal financial sustainability	More vigorous audits to be done coupled with information session about the dangers of electrical theft and illegal connections; Appointment of establishment of a full time inspection team to conduct simultaneous raids in identified areas to counter community members tipping each other off.
2	Excessive water losses	25	Ensure municipal financial viability and management	Develop and implement integrated financial management systems to support municipal programmes and ensure internal financial sustainability	Budget allocation for water management programme; Check monthly progress; Introduce step tariff; Investigate unmetered users, unread meters, and users unaccounted for.

3	Unfunded budget	25	Ensure municipal financial viability and management	Develop and implement integrated financial management systems to support municipal programmes and ensure internal financial sustainability	Annual review of budget related policies; Conduct workshops on budget related policies; Approve an adjustment budget; Submit report on unforeseen and unavoidable expenditure to council.
4	Inability to collect revenue	25	Ensure municipal financial viability and management	Develop and implement integrated financial management systems to support municipal programmes and ensure internal financial sustainability	Ensure proper systems controls like capturing of ID numbers of consumers; Update consumer particulars continuously; and Ongoing training
5	Inadequate physical security	25	Ensure municipal financial viability and management	Develop and implement integrated financial management systems to support municipal programmes and ensure internal financial sustainability	Proper deployment of security; and Fencing around the parking area

#### High Level Summary of the Top five (5) Risks

## 2.7 ANTI-CORRUPTION AND FRAUD

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### FRAUD AND ANTI-CORRUPTION STRATEGY

The Municipal Council approved the policy on fraud and corruption per item 37 dated 14 November, 2007. This policy is based on Codes of Conduct for Councillors and Municipal Staff Members (Schedule 1 and 2 of the Municipal Systems Act, 2000) and the Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004).

The municipality has reviewed and amended this policy in line with the latest national and provincial developments. This reviewed policy is currently in the public participation process and it is expected to be approved by Council during the 2014/15 financial year. The policy covers among others:

- Zero-tolerance on fraud and corruption;
- Using the full might of the law to investigate all incidents of fraud and corruption;
- Reporting all incidents of fraud and corruption to the South African Police Services for criminal investigation; and
- Recovering of losses or damages suffered by the municipality from employees or councillors who are found liable by the court of law.

The Chief Audit Executive investigates every case that is reported and presents the results of his investigation to the Municipal Manager, as the accounting officer, who is then expected to institute disciplinary and criminal actions, where deemed necessary.

## 2.8 SUPPLY CHAIN MANAGEMENT

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The Rustenburg Local Municipality established a supply chain management (SCM) Unit under the direct supervision of a unit manager who has been delegated in terms of section 82 of the Municipal

Finance Management Act, 2003 (Act No. 56 of 2003) by the Chief Financial Officer (CFO). The SCM Unit was established in accordance to the requirements of the Municipal Supply Chain Management Regulations, 2005.

The municipality's SCM Policy, which incorporates the Preferential Procurement Regulations, as well as all other relevant legislation, regulations and circulars, was approved by the Municipal Council. It makes provision for a committee system for competitive bids consisting of the following:

- Bid Specification Committee;
- Bid Evaluation Committee; and
- Bid Adjudication Committee.

The first two committees have their meetings on Mondays and Tuesdays respectively whilst the last one meets on Fridays. The Bid Adjudication Committee is chaired by the CFO and it is composed of other senior managers; such as Directors: Technical and Infrastructure Services, Corporate Support Services and Rustenburg Rapid Transport.

According to the municipality's Supply Chain Management Policy, no councillor is eligible to be a member of any committee dealing with supply chain processes. It is also important to note that the supply chain management officials are undergoing continuous training offered by National Treasury to reach the prescribed competency levels.

Please find attached hereto "Appendix H" in respect of the largest projects, agreements and contracts in the municipality.

## 2.9 BY-LAWS

The following By-laws were promulgated by the Council are currently in force in the area of jurisdiction of the municipality:

No.	Names of By-Laws Promulgated	Directorate
1.	Prevention of nuisances	Community Development
2.	Disposal of contaminated and/or infectious water.	Community Development
3.	Keeping of animals and poultry	LED
4.	Childcare services	Community Development
5.	Preparation of food at registered private kitchens	Community Development
6.	Public health hazards and nuisances	Community Development
7.	Accommodation establishments	Community Development
8.	Cemeteries	Community Development
9.	Hire and use of community, arts and culture facilities	Community Development
10.	Swimming pools and spa baths	Community Development
11.	Open spaces, parks sidewalks and gardens	Community Development
12.	Public amenities By-law	Community Development
13.	Caravan parks and mobile homes	Community Development
14.	Rustenburg Local Municipality electricity supply By-law	Community Development
15.	Street Trading By-law	Local Economic Development
16.	Rustenburg Local Municipality Public Passenger and goods transportation By-law	Public Safety
17.	Amendments to Rustenburg Local Municipality Electricity Supply By-law	Technical & Infrastructure Services
18.	Public participation By-law	Office of the Speaker
19.	Water Supply and Waste Water By-law	Technical & Infrastructure Services
20.	Manual on Promotion of Access to Information Policy	Municipal Manager
21.	Building By-law supplementary to the National Building Regulations and Building Standard Act	Planning and Public Transport
22.	Fire Brigade By-law	Public Safety
23.	Control of Informal Settlement	Human Settlement
24.	Air Pollution By-law	Community Development
25.	Waste Management By-law	Community Development
26.	Property Rates By-law	Budget & Treasury Office
27.	Electricity By-Law	Technical & Infrastructure Services
28.	Water Supply By-Law	Technical & Infrastructure Services
29.	Waste Management By-Law	Community Development
30.	Advertising By-Law	Local Economic Development
31.	Credit Control and Debt Collection By-Law	Budget & Treasury Office
32.	Tariff By-Law	Budget & Treasury Office

### Rustenburg Local Municipality's By-Laws

## 2.10 WEBSITE

The Rustenburg Local Municipality website has been running on the domain [www.rustenburg.gov.za](http://www.rustenburg.gov.za). It was developed using the latest content management system in the IT environment called Drupal. The Rustenburg Local Municipality is ranked number on the google search engine which makes



it easier for the users to access the website, and this also confirms that the municipality's Search Engine Optimization (SEO) is up to standard. The most visited pages on the website since it was developed are as follows:

- Home page
- Vacancies
- Tenders
- Customer care

No.	Document	Available on the Website
1	Current annual and adjustment Budgets and all budget related documents.	Yes
2	All current budget related policies	Yes
3	Previous financial year's annual report : 2012/13	Yes
4	Current annual report: 2013/14	To be published after approval by council.
5	All current Performance agreements (2013/14) required in terms of Section 57(1)(b) of the Local Government: Municipal Systems Act, 2000	Yes
6	Integrated Development Plan (IDP)	Yes
7	Supply Chain Management contracts and / or Service Level Agreements : 2013/14)	Yes
8	All long-term borrowing contracts	Yes
9	Quarterly reports in terms of Section 52(d) of the Local Government: Municipal Finance Management Act, 2003	Yes
10	An information statement containing a list of assets over a prescribed value that has been disposed of in terms of section 14(2) or (4) of the Local Government: Municipal Finance Management Act, 2003 during the period under review.	
11	Supply chain management contracts above R200 000 for the 2013/14 financial year	Yes
12	Contracts having future budgetary implications entered into in terms of Section 33 of the Local Government: Municipal Finance Management Act, 2003.	
13	Public – private partnership (PPP) agreements referred to in Section 120 of the Local Government: Municipal Finance Management Act, 2003.	
14	All quarterly reports tabled before council.	Yes

#### **Documents available on the Website**

### **2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES**

The municipality was not able to conduct community satisfaction surveys during the period under review due to budgetary constraints and cost containment. However, surveys will be conducted during the 2014/5 Financial Year depending on the available financial support. The results of the survey will be taken into consideration during the review of the performance of the municipality against the pre-determined objectives, key performance indicators and targets.

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## Chapter 3

### SERVICE DELIVERY PERFORMANCE (PERFORMANCE PART I)

#### INTRODUCTION

This chapter presents the annual performance results of the municipality during the 2012/13 financial year. It will provide reasons where there was underperformance and measures that are taken to remedy the situation.

#### COMPONENT A: BASIC SERVICES

The Rustenburg Local Municipality is responsible for the following functions in terms of basic service delivery:

- Electricity: provided in conjunction with Eskom in certain areas;
- Roads and Stormwater;
- Waste Management; and
- Water and Sanitation Services.

#### INTRODUCTION TO BASIC SERVICES

Sector	Backlogs census 2011	Backlogs eradicated to date (up to end of 30 June 2014)
Water	19,371 hh	10,563 hh
Sanitation	19,371 hh	10,563 hh
Refuse	120,000 hh	70,000 hh
Electricity	1,066 hh	1,066 hh
Roads	600 km	145 km

#### 3.1 WATER AND SANITATION PROVISION

Financial Performance 2013/14 Financial Year					
Water and Sanitation		R' 000			
Details	2012/3	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance
Total Operating Revenue	570 949	589 669	586 256	528 890	57 366
Expenditure	496 549	467 604	685 917	589 652	96 265
Employees	32 341	34 172	44 667	45 323	(656)
Repairs and Maintenance	84 211	67 390	115 210	100 443	14 767
Other	379 997	366 042	526 040	443 886	82 154
Total Operational Expenditure	496 549	467 604	685 917	589 652	96 265
Net Operational Expenditure	74 400	122 065	(99 661)	(60 762)	(38 899)

WATER SERVICES POLICY OBJECTIVES TAKEN FROM IDP: 2013/14						
Service Objectives	Service Indicators	2012/13		2013/14		
		Target	Actual	Original Target	Adjusted Target	Actual
Accelerated delivery and maintenance of quality basic and essential services to all Communities	Date of completion of refurbishment of reservoir – Tlhabane West reservoir and pumpstation	1	0,71	June 2014- Actual budget was R3m and	Adjustment budget R3,928,469	Completed December 2013. Actual expenditure R3,552,165.55
Improved service delivery through provision of high quality, reliable and cost effective infrastructure based on integrated spatial planning	Number of pump stations constructed	1	0	1 – Budget R578,894.00	0	1 – Project was completed on 21 January 2014. The available funds are savings that were realized.
Improved service delivery through provision of high quality, reliable and cost effective infrastructure based on integrated spatial planning	Number of 10kl water tanks installed - Informal settlements- Installation of 10kl tanks	34	34	34 Areas	34 areas R 650 000	The project was completed and the tanks were delivered on the 31 July 2014Areas where 10 Kl tanks were installed are: Mshongoville, Chachalaza, Boshhoek, Lekgalong, Bethanie East, Stormhuis, Skierlik (Marikana), Nkaneng, Phuane, Freedom Park, Bonolo Farm, Modderfontein, Bethanie West, Modikwe, Barseba Lulandsville (Bethanie), Benny, Group 5, Braampie, Zakhele, Ikemeleng new stands, Sywerbult and Dinnie Estate. R645,627.69 – 99% spend.
Improved service delivery through provision of high quality, reliable and cost effective infrastructure based on integrated spatial planning	Percentage completion of the rural development water projects	8 areas	Appoint ment of Contract or	100% (Budget R 31'625'807)	0	58% - The delay on the progress of the project was caused by the delay in supply of material from Sebetsa Trading (Pty) Ltd, due to strike by NUMSA.The contract budget was reduced and the contract was requested to stop the works on the steel tank. The project was never implemented due to delays in the approval from Department of Environmental Affairs. Areas identified were: Lekgalong-upgrading of water supply and yard connections- Maumong-installation of water supply and yard connections - Rankelenyane, Lekojaneng- Completion of water supply- Bethanie, Modikwe, Barseba-

WATER SERVICES POLICY OBJECTIVES TAKEN FROM IDP: 2013/14						
Service Objectives	Service Indicators	2012/13		2013/14		
		Target	Actual	Original Target	Adjusted Target	Actual
						Reservoir- Makolokwe water supply-Ikemeleng water supply- Boschdal water supply Expenditure R 159'907'23.52

### 3.2 WASTE WATER (SANITATION) PROVISION

SANITATION POLICY OBJECTIVES TAKEN FROM IDP: 2013/14						
Service Objectives	Service Indicators	2012/13		2013/14		
		Target	Actual	Original Target	Adjusted Target	Actual
Improved service delivery through provision of high quality, reliable and cost effective infrastructure based on integrated spatial planning	Number of Km of sewer pipeline constructed in Lethabong Ward 27 & 28 Internal Sewer Reticulation & Toilet Structures	200	1,2	9.8km	R 12,372,716.00	8km - The delay was attributed to the volume of rock encountered and the difficulty of blasting in between the existing structures and recent rainfalls. Expenditure R5,514,275.36
	Number of VIP toilets constructed in Marikana	600	153	410 R 2,553,776.00	0	410 - The project was completed on the 18 March 2014. Expenditure R 2,549,538.90
	Number of households connected to sewer line (Monnakato Ext4- Installation of outfall sewer line and reticulation)	600	560	515 R999 867.00	0	515 - The project was completed on the 04 July 2014. Expenditure R 841,330.33

Capital Expenditure for the 2013/14 Financial Year				
Water and Sanitation		R'000		
Capital Projects	2013/14			
	Budget	Adjustment Budget	Actual Expenditure	Variance
Total				
Upgrading of outfall sewer lines	0	1 013 881	845 835	168 046
Lethabong Ext – Sewer reticulation	9 000 000	1 261 278	1 261 277	1
Marikana – Sewer pumpstation upgrading	0	481 300	481 299	1
Upgrading of outfall sewer lines	4 500 000	6 408 569	6 408 569	0
Boitekong Ext 8 – Sewer reticulation and pumpstation	2 300 000	1 915 044	1 915 043	1
Refurbishment of sewer treated water reticulation system	10 000 000	3 644 000	3 380 893	263 107
Tlhabane replacement of AC sewer pipes	5 000 000	3 179 872	3 179 871	1
Boitekong Ext 8 – Sewerage reticulation system	0	2 091 739	1 818 720	273 019
Upgrading of outfall sewer lines to Rustenburg WWTW	5 000 000	5 000 000	1 133 088	3 866 912
Tlhabane – Rehabilitation of water reticulation	0	2 937 423	2 902 891	34 532
Installation of 10KL tanks at informal settlements	1 000 000	650 000	645 627	4 373

Capital Expenditure for the 2013/14 Financial Year				
Water and Sanitation		R'000		
Capital Projects	2013/14			
	Budget	Adjustment Budget	Actual Expenditure	Variance
Water pipe – Cnr Kloppe & Boven	0	753 557	753 557	0
Seraleng – Installation of water standpipes	0	725 735	725 735	0
Tlhabane West – Refurbishment of reservoir	0	388 841	381 344	7 497
Tlhabane West Upper – Construction of booster pumpstation	0	502 611	339 878	162 733
Upgrading of pumpstations	500 000	307 168	307 168	0
Upgrading of valve chambers	5 000 000	470 747	290 846	179 901
CBD – Upgrading of water meters and aged connections	0	564 980	564 666	314
Installation of prepaid /smart meters	24 000 000	13 204 074	13 192 439	11 635
Lethabong Ext Water supply	0	1 328 989	1 328 988	1
Mathopestad – Water supply	0	994 068	981 160	12 908
Rankelenyane – Water supply	4 400 000	2 987 795	2 873 564	114 231
Maumong – Water supply	0	330 053	298 962	31 091
Lekgalong Water supply	0	1 778 386	1 778 386	0
Molote City Water supply	0	2 135 974	2 135 973	1
Boschdal Water supply	0	1 131 504	1 131 503	1
Syferfontein Water supply	12 500 000	4 355 139	4 349 827	315 312
Makolokwe – Water supply	4 000 000	3 627 143	3 410 293	216 850
Boschfontein – Water supply	14 000 000	3 869 134	3 805 718	63 416
Tlhabane West Reservoir and pumpstation	3 000 000	3 928 469	3 552 165	928 469
Lethabong – Water supply	6 000 000	865 653	841 016	376 304
Lekgalong – Water supply	2 700 000	1 396 479	1 388 895	7 584
Molote City – Water supply	3 500 000	754 843	754 842	1
Mathopestad – Water supply	4 400 000	3 883 220	3 883 219	1
Bethanie, Modikwe, Berseba – Water supply	6 000 000	5 372 003	5 372 002	1
Maumong – Water supply	9 500 000	2 485 480	2 478 422	7 058
Phatsima bulk line	2 000 000	571 554	571 553	1
Upgrading of water meters and aged connections	5 000 000	2 431 282	2 379 282	52 000
Boschdal – Water supply	13 000 000	13 000 000	436 138	12 563 862
Bospoort – Upgrading of pipelines	30 000 000	30 000 000	80 840	29 919 160
Replacement of Water AC pipes	10 000 000	10 000 000	1 817 069	8 182 931
CBD – Refurbishment of water reticulation system	5 000 000	5 000 000	554 424	4 445 576
Refurbishment of bulk pipelines	5 000 000	5 000 000	1 106 723	3 893 277
Upgrading of water meters and Aged connections – RTB & Extensions	31 000 000	31 000 000	4 396 864	26 603 136
Upgrading of water meters and Aged connections – RTB East	13 000 000	13 000 000	740 166	12 259 834
Upgrading of water meters & Aged connections – Zinniaville & Karlienpark	6 000 000	6 000 000	428 048	5 571 952
Replacement of AC water pipes – Rustenburg incl extensions	20 000 000	20 000 000	438 596	19 561 404
Total	276 300 000	222 727 987	93 843 384	130 098 435

### 3.3 ELECTRICITY PROVISION

Financial Performance 2013/14					
Electricity		R'000			
	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance

<b>Total Operational Revenue</b>	<b>1 172 018</b>	<b>1 320 744</b>	<b>1 808 689</b>	<b>1 548 059</b>	<b>260 630</b>
Expenditure	1 027 379	928 115	1 556 613	1 335 121	221 492
Employee related Costs	26 755	23 916	29 670	28 920	750
Repairs and maintenance	40 859	54 492	43 593	40 271	3 322
Other	959 765	849 707	1 483 350	1 265 930	217 420
<b>Total Operational Expenditure</b>	<b>1 027 379</b>	<b>928 115</b>	<b>1 556 613</b>	<b>1 335 121</b>	<b>221 492</b>
<b>Operational Expenditure</b>	<b>1 027 379</b>	<b>928 115</b>	<b>1 556 613</b>	<b>1 335 121</b>	<b>221 492</b>
<b>Net Operational Expenditure</b>	<b>144 639</b>	<b>392 629</b>	<b>252 076</b>	<b>212 938</b>	<b>39 138</b>
The Net expenditure to be consistent with the summary .....in Chapter 5.					

ELECTRICAL OBJECTIVES TAKEN FROM IDP: 2013/14						
Service Objectives	Service Indicators	Target	Actual	Original Target	Adjusted Target	Actual
Accelerated delivery and maintenance of quality basic and essential services to all Communities	Number of substations upgraded (Upgrading / refurbishment of 33 kV substation)	1	0	1 - R 9,325,000.00	0	0 - This is a multi-year project and it is expected to be finalized by December 2015. Directorate is still awaiting a connection from Eskom. Expenditure R13,078,292.34
Improved service delivery through provision of high quality, reliable and cost effective infrastructure based on integrated spatial planning	Number of substations constructed - (Motor city 33/11 kV substation building and equipment)	1	0	1 - (R18, 458,456.00)	0	This is a multi-year project and it is expected to be finalized by December 2015. Directorate is still awaiting a connection from Eskom. Expenditure = R 67 062.57
Accelerated delivery and maintenance of quality basic and essential services to all Communities	Percentage maintenance of electrical network	100%	75%	100% = R15'541'072.00	0	99% - The following maintenance was done: Substation tripping units; HV metering equipment; HV testing equipment; Network maintenance = Expenditure: R 15'518'370.43
Improved service delivery through provision of high quality, reliable and cost effective infrastructure based on integrated spatial planning	Number of electrical pre-paid vending equipment installed	New KPI	N/A	4 (R549,762.00)	0	4 - Target achieved - Expenditure: R549, 762.00
Improved service delivery through provision of high quality, reliable and cost effective infrastructure based on	% Electrical bulk line connected (Ikemeng)	100%	10%	100%		The project is currently 65% complete. The Contractor is under financial administration, Therefore the project is currently on hold = Expenditure R 2,931,720.4

ELECTRICAL OBJECTIVES TAKEN FROM IDP: 2013/14						
Service Objectives	Service Indicators	Target	Actual	Original Target	Adjusted Target	Actual
integrated spatial planning						
Accelerated delivery and maintenance of quality basic and essential services to all Communities	Upgrading of power factor correction equipment upgraded	New KPI	0	1 - R1'500'000	0	1 - Target fully achieved. Expenditure = R 1'444' 073.00

Capital Expenditure : 2013/14 : Electricity					
Capital Projects	2013/14				
	Total Project Value	Original Budget	Adjustment Budget	Actual Expenditure	Variance
<b>Grand Total</b>					
Bulk linkages to new developments	460 000	500 000	460 000	133 180	326 820
Upgrading of power factor correction equipment	1 474 200	1 500 000	1 474 200	1 463 579	10 621
HV Metering equipment	500 000	500 000	500 000	493 679	6 321
Boitekong House connections	50 000	300 000	50 000	43 201	6 799
Rural network upgrading	2 130 531	1 500 000	2 130 531	1 890 796	239 735
Upgrading/Refurbishment of 33kV substations	120 000 000	99 325 000	99 325 000	13 078 292	86 246 708
Rustenburg Internal upgrade	11 500 000	10 000 000	11 500 000	11 424 428	75 572
Rustenburg North/Zinniaville – Internal upgrade	3 800 000	3 000 000	3 800 000	3 736 518	63 482
Cashan 28 Internal electrical network Phase 2	3 500 000	2 000 000	500 000	141 980	358 020
Motor City substation – Phase 2	50 000 000	10 000 000	18 458 456	67 062	18 391 394
Platinum Boulevard	30 000 000	5 000 000	541 544	541 543	0
Boitekong Ext 12 – Relocation of electrical bulk services	1 700 000	0	1 700 000	1 490 627	209 373
Seraleng – Energizing of high mast lights	2 500 000	0	2 500 000	0	2 500 000
Waterkloof Substation – Phase 4	45 000 000	0	30 933 456	0	30 933 456
Ikemeng – Bulk line	5 000 000	0	4 110 575	2 931 720	1 178 855
Ikemeng – House connections	8 000 000	0	7 623 504	4 327 113	3 296 391
<b>Total</b>	<b>285 115 231</b>	<b>133 625 000</b>	<b>185 607 266</b>	<b>41 763 718</b>	<b>143 843 548</b>
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					

## COMMENTS ON ELECTRICAL SERVICES

Performance of electrical services is twenty three percent (23.0%) for the period under review. This can be attributed to bulk linkages to:

- New developments: 29.0%;
- Upgrading/Refurbishment of 33kV substations: 13.0%;
- Cashan 28 Internal electrical network Phase 2: 28.0%;
- Motor City substation – Phase 2: 0.4%;
- Seraleng – Energizing of high mast lights and Waterkloof Substation – Phase 4 both 0%.

Network Expansion Projects: various network expansion projects were and are still being implemented by the electrical unit to ensure constant and equitable supply of electricity to all areas of the municipality.



The following were actually achieved during the period under review in terms of electricity:

#### Electricity Overview

No	Service Provided	Performance		
		Annual Target	Actual	Variance
1	Households electricity connections	100%	65%	35%
2	Streetlights	0%	0%	0%
3	High mast lights	0%	0%	0%
4	Power stations	0%	0%	0%

### 3.4 WASTE MANAGEMENT

Financial Performance 2013/14 Financial Year Waste Management Services R' 000					
Details	2012/3	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance
	0	145 540 626	0	115 529 402	30 011 224
Free Basic: Refuse	0	3 691 820	0	3 220 857	470 963
Salaries	0	21 139 052	0	24 205 521	-3 066 469
Bonuses	0	1 669 822	0	1 613 184	56 638
Overtime	0	3 658 132	0	5 703 879	-2 045 747
Travelling Allowance	0	339 012	0	395 470	-56 458
Housing Subsidy/Allowance	0	54 108	0	42 517	11 591
Telephone / Cellphone Allowance	0	5 827	0	4 200	1 627
Industrial Council	0	11 869	0	13 646	-1 777
Day Labourers	0	4 795 886	0	6 259 277	-1 463 391
Safety Equipment	0	287 012	0	286 166	846
Uniforms	0	474 517	0	468 693	5 824
Contr: Leave Reserve Fund	0	351 483	0	0.00	351 483
Pension Fund / Gratuity Fund	0	4 408 330	0	3 887 236	521 094
Group Insurance	0	3 177	0	3 216	-39
Medical Aid Fund Contributions	0	1 316 842	0	2 016 426	-699 584
Unemployment Insurance Fund	0	287 865	0	400 944	-113 079
Provision: Irrecoverable Debts	0	14 350 000	0	0.00	14 350 000
Depreciation	0	22 508 961	0	2 095 937	20 413 024
Management Of Landfill Site	0	5 560 000	0	5 499 535	60 465
Refuse Holders	0	70 000	0	61 603	8 397
Waterval Landfill Lease	0	300 000	0	0.00	300 000
Maintenance Of Street Litter Bins	0	120 000	0	120 000	0.00
Maintenance Of Electric Fence And Boomgates	0	25 000	0	22 020	2 980
Interest Expense - External Loans	0	638 091	0	714 525	-76 434
Cleaning: Newly Incorporated Areas	0	22 869 741	0	22 773 910	95 831
Refuse Removal-Marikana	0	899 766	0	899 765	1
Epwp - Refuse Removal – Cbd	0	716 788	0	686 898	29 890
Townlands Landfill Site:Consultancy Fees	0	515 917	0	416 895	99 022
Refuse Removal-Olifantsnek	0	240 000	0	239 721	279
Refuse Removal-Rdp Houses	0	1 800 000	0	1 799 969	31
Refuse Removal-Informal Settlement	0	600 000	0	599 239	762
Advertising / Printing / Stationary	0	50 000	0	47 374	2 626
Bags	0	513 212	0	512 331	881
Consultancy Fees	0	28 430	0	28 430	0.00
Dept Charges: Electricity	0	317 026	0	324 337	-7 311
Dept Charges: Refuse Removal	0	15 473	0	13 688	1 785
Dept Charges: Sewerage	0	127 407	0	122 704	4 704

Dept Charges: Water	0	88 878	0	88 878	0.00
Supply Of Wheel Bins To Communities	0	4 997 892	0	4 997 892	0.00
Hiring Of Equipment	0	199 500	0	199 500	0.00
Educational And Promotional Materials	0	89 055	0	89 055	0.00
Cleanup Campaigns	0	147 741	0	145 354	2 387
Insurance	0	9 546	0	2 043	7 503
Integrated Management Strategy For RLM	0	675 000	0	572 862	102 138
License Fees	0	0.00	0	234 840	-234 840
Materials And Stocks	0	400 000	0	378 531	21 469
Skills Levy	0	197 831	0	302 087	-104 256
Transport	0	10 781 960	0	10 751 228	30 732
Travelling And Subsistence Allowance	0	157 773	0	240 077	-82 304
Food Parcel Program	0	1 073 000	0	1 072 867	133
Conferences,Workshops & Seminars	0	5 218	0	4 314	904
Recycling Projects	0	206 094	0	206 094	0.00
Closure & Rehabilitation Of Kremetart & Zinniaville	0	76 631	0	59 191	17 440
Nscoop Activities-Grant	0	474 400	0	186 184	288 216
Administration Costs: Internal	0	11 193 002	0	10 498 293	694 709
Contr: Insurance Fund	0	6 539	0	0.00	6 539

WASTE MANAGEMENT OBJECTIVES TAKEN FROM IDP: 2013/14						
Service Objectives	Service Indicators	2012/13		2013/14		
		Target	Actual	Original Target	Adjusted Target	Actual
Efficient provision of quality basic services and infrastructure within a well-planned spatial structure	Number of waste bins delivered (Street liter- and Skip Bins)	Number of waste bins delivered (Street liter- and Skip Bins)	New KPI	0	414 – R 930 000	0
Explore and implement alternative eco-friendly and conservation interventions to preserve the environment	Percentage completion of Waterval Landfill Site and Waterval, Regional waste disposal facility Phase	Percentage completion of Waterval Landfill Site and Waterval, Regional waste disposal facility Phase	25%	25%	100%	R 96'481'443
Explore and implement alternative eco-friendly and conservation interventions to preserve the environment	Percentage households with access to basic level of weekly solid waste removal (Refuse removal- Marikana (1,252 households); Refuse removal CBD (38,000 households) ; Refuse removal- Olifantsnek (3000 households) ;Refuse removal RDPs	Percentage households with access to basic level of weekly solid waste removal (Refuse removal- Marikana (1,252 households); Refuse removal CBD (38,000 households) ; Refuse removal- Olifantsnek (3000 households) ;Refuse removal RDPs (30891 households)	86510 households	86510 households	100% - R 4'970'510	0

	(30891 households)					
Drive good governance and legislative compliance in all municipal processes	Date of approval by Council of an Integrated Waste Management Strategy for RLM	Date of approval by Council of an Integrated Waste Management Strategy for RLM	New KPI	0	June 2014- R 75 000.00	0

Capital Expenditure 2013/14 Financial Year Waste Management Services R' 000				
Capital Projects	Year 2013/2014			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget
<b>Total All</b>	<b>103 481 766</b>	<b>0</b>	<b>99 438 895</b>	<b>4 042 871</b>
Jabula: Mini Transfer Station	396 487	0	0.00	396 487
Strumosa - Mini Transfer Station	1 442 333	0	1 242 333	200 000
Waste Management Depot-Phase 2 (Recycling Centre)	700 000.00	0	351 131	348 869
Lethabong Waste Transfer Station R	234 629.00	0	77 975	156 654
Waterfall Landfill Site R	21 265 979	0	21 265 979	0.00
Marikana Waste Transfer Station - Construction R	2 016 381	0	398 344	1 618 037
Phokeng Waste Transfer Station R	380 493.00	0	117 566	262 927
Waterval,Regional Waste Disposal Facility Phase 2	69 215 464	0	69 215 464	0.00
Tables X 50	20 000	0	19 998	2.00
Chairs X 100	10 000	0	9 998	2.20
Waste Depot - Replacement Of Furniture,Tools & Equip	100 000	0	49 634	50 366
Waterval Landfill Site Construction	6 000 000	0	5 440 937	559 063
Street Litter Bins	400 000	0	399 177.14	823
Pa System	0.00	0	10 998	-10 998
Bin Lifting Hydraulic Equip	520 000	0	344 956	175 044
Skip Bins & Roll On Roll Off Containers	530 000	0	295 482	234 518
Waste Depot-Surveillance Camera,Trellidor & Alarm	250 000	0	198 924	51 076

## COMMENTS ON THE PERFORMANCE OF WASTE MANAGEMENT

The overall performance of the Waste Management Unit is above expectations (96.0%) irrespective the underperformance on the construction of the Marikana Transfer Station. The total expenditure on the project is only twenty percent (20.0%) for the period under review.

## 3.5 HUMAN SETTLEMENTS

### INTRODUCTION OF HUMAN SETTLEMENTS

#### CHALLENGES

- Acquisition of land forwarded to Housing Development Agency (HDA) for finalisation
- Bulk Infrastructure provision, particularly pose a serious to development as a whole
- Finalisation of Municipal Accreditation Implementation plan and
- Capacity support of Municipality

- Prioritisation of Mega Human Settlement Projects as outlined in Minister Sisulu's Budget Speech (Resuscitation of Boitekong Ext 16 Project)
- Finalisation of Provincial electronic beneficiary database
- Re-looking in Ratification Programme for defective houses built pre NHBRC regime
- Prioritisation of Proclamation of Boitekong Ext 1

Financial Performance 2013/14 Financial Year					
Human Settlements		R' 000			
Details	2012/3	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance
<b>Total Operating Revenue</b>	1 606 977	2 989 100	2 989 100	1 216 215	1 772 885
<b>Expenditure</b>	11 336 504	20 406 561	20 208 561	7 892 722	12 315 839
Employees	5 271 981	6 567 148	6 821 148	6 411 091	410 057
Repairs and Maintenance	664 011	1 122 000	1 080 000	1 023 939	56 061
Other	5 400 512	1 404 951	12 307 413	457 693	11 849 720
<b>Total Operational Expenditure</b>	11 336 504	20 406 561	20 208 561	7 892 722	12 315 839
<b>Net Operational Expenditure</b>	<b>-9729528</b>	<b>-17417461</b>	<b>-17219461</b>	<b>-66706507</b>	<b>-10 542 954</b>

HOUSING OBJECTIVES TAKEN FROM IDP: 2013/14						
Service Objectives	Service Indicators	2012/13		2013/14		
		Target	Actual	Original Target	Adjusted Target	Actual
Improved service delivery through provision of high quality, reliable and cost effective infrastructure based on integrated spatial planning	Quarterly progress reports on facilitation of housing development	Number of waste bins delivered (Street liter- and Skip Bins)	New KPI	0	414 – R 930 000	0
Drive good governance and legislative compliance in all municipal processes	Date of finalization of Accreditation Implementation Protocol	Percentage completion of Waterval Landfill Site and Waterval, Regional waste disposal facility Phase	25%	25%	100%	R 96'481'443

#### COMMENT ON THE PERFORMANCE OF HUMAN SETTLEMENTS OVERALL

The following were achieved during the 2013/14 financial year:

PROJECT NAME	NO OF UNITS	STATUS
<b>Boitekong Ext 12 Community Residential Units (CRU)</b>	<b>200</b>	Project has been completed and housing personnel has allocated qualified beneficiaries units.
<b>Rural 570 Housing Project</b>	<b>570</b>	530 housing units have been completed (Kanana, Lefaragatlha, Serutube, Maile Diepkuil, Maile, Maile Extension and Mafenya)



The following Housing Projects are planned for implementation for 2014/2015

<b>UNBLOCKED HOUSING PROJECTS</b>	
<b>Monnakato Housing Project</b>	550 application forms were submitted 500 beneficiaries have been approved to date 494 foundations have been constructed to date 494 wall plates have been constructed to date 415 units have been roofed to date
<b>Meriting Ext 4 &amp; 5</b>	1390 beneficiaries were approved on the old project 800 of the previously approved beneficiaries were traceable 790 beneficiaries are yet to be located, and based on the outcomes of the process may be deregistered 131 application forms have been submitted to the municipality 109 lacked applicable supporting documentation 498 are yet to be submitted, and are awaiting directive from municipality on when the developer may conduct subsidy administration. Only 932 foundations have been constructed to date
<b>NEW HOUSING PROJECT</b>	
Bokamoso Phase 2 Housing Development	1600 integrated human settlements units
Rankelenyane Housing Project, MEC Special project	65 housing units for the elderly
Marikana Housing development	544 housing units

### 3.5.1 ENVIRONMENTAL MANAGEMENT SERVICES

#### INTRODUCTION

The cornerstone of environmental protection within the Rustenburg Local Municipality's area of jurisdiction embedded in the following key performance areas:

- Environmental Strategic Planning: the main purpose of this KPA is to align and focus the directorate of the municipality, plans and strategies, spatial planning and agreements;
- Legislative Compliance: Guides the municipality in terms of environmental legislation to ensure that the constitutional rights of all citizens are protected.
- The enforcement of legal stipulations and regulatory frameworks within the municipal area is of utmost importance for the municipality; and
- Environmental Protection and Resilience: Combines the abovementioned two KPAs and directs environmental turnkey projects within the municipality.

These projects are, integrated pollution control (air, noise and water); climate change mitigation and adaptation; natural areas biodiversity management and community engagement and education.

The environmental authorisation includes authorisation under the Environmental Impact Assessment Regulations, 2010, an air emission, waste management, and water-use licenses. The municipality maintains a network of air quality monitoring stations that continually monitor the quality of air in the community. Industries, such as the mines, traffic and Rainbow (Pty) Ltd, that impact on air quality are subject to strict conditions that control the amount of pollutants they are allowed to emit into the atmosphere. Rustenburg Local Municipality has an Air Pollution Control By-law, which is currently under review. Some of the functions of this by-law is to control and manage:

Emissions caused by open burning of domestic and garden waste, and rubber products;

- Emissions from traffic (heavy duty diesel powered vehicles);
- Dust emissions;
- Spray painting; and

- Pesticides spray painting.

ENVIRONMENTAL MANAGEMENT SERVICES OBJECTIVES TAKEN FROM IDP: 2013/14						
Service Objectives	Service Indicators	2012/13		2013/14		
		Target	Actual	Original Target	Adjusted Target	Actual
Explore and implement alternative eco-friendly and conservation interventions to preserve the environment	Percentage funds spent on acquisition of tyre shredder	New KPI	0	100 - R800 000.00	0	93 - The project was completed during the 3rd quarter; the shredder with the conveyor belt was delivered to RLM-Waste Management on the 17th January 2014. Expenditure R742 000
Implement integrated community safety and security strategy and measures	Percentage funds spent on replacement of the CO analyser	New KPI	0	100 - R 300 000.00	0	97 - The project was completed during the 2nd quarter. Delivery of a new SM200 s/w plus pump and spares at Boitekong station was on the 04/10/2013. Expenditure R292 000.00
Implement quality and improved health and social services to Communities	Number of environmental education and awareness campaigns conducted	4	4	R89 500	4 - R 389 505	5 - Five (5) environmental education campaigns were conducted: <ul style="list-style-type: none"> <li>• Kick-starting Eco-Schools and World Wetlands Day</li> <li>• Recycling and Greening Projects for the Eco-Clubs within the RLM communities.</li> <li>• ECO club workshop conducted at HF Tlou Secondary mainly to resuscitate the schools environmental club on the 24 April 2014.</li> <li>• Award ceremony for the 14 RLM Eco Programme schools held at Selly Park Primary on the 14 May 2014</li> <li>• Commemoration of the Rustenburg Environment Week from the 2nd to the 6th June 2014</li> </ul> Expenditure - R389 505
Implement an integrated by-law enforcement programme	Monthly reports on impact of air quality monitoring program on environment	12	12	R800 000	12 - R436 568	12 - - January 2014 – The analysis of data from the RLM stations showed that the stations had good collection efficiency after validation except for Reatile: Data recovery for Boitekong was 98.24 %, Marikana 93.03% and Reatile 64.32% - February 2014 – Data recovery after validation was 77.66% : Boitekong was 94.42 %, Marikana 67.46% and Reatile 94.42% Expenditure - R409 568

### 3.6 FREE BASIC SERVICES

#### INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

The free basic services and indigent support were provided by the Rustenburg Local Municipality during the financial year under review:

<b>Water</b>	Free basic water of 6kl per household per month; Additional free basic water of 3kl per indigent household per month; Water leak fixing for indigent households; Free stand pipe water for informal settlements
<b>Sewerage</b>	Free basic sewer of 6kl per household per month; Additional free basic sewer of 3kl per indigent household per month
<b>Electricity</b>	Free basic electricity of 100kWh per month for all Tariff A users; Free basic electricity to Eskom supply areas. This amount is based on the FBE rate as per the NERSA Guidelines and is further based on number of registered indigents in the areas where Eskom supplies electricity to residents of Rustenburg Local Municipality;
<b>Refuse removal</b>	Free weekly refuse collection for indigent households; Free refuse removal service to informal settlements
<b>Property rates</b>	First R150 000 assessment rates rebate to residential properties; Hundred percent (100%) assessment rates rebate to indigent households; Additional assessment rates rebates to pensioners
<b>Other Indigent support</b>	Excess consumption by indigents which is written off every month as per the municipality's Indigent Management Policy. The Indent Support Policy has assisted several community members living in poverty and squalor to be buried in dignity with almost no charge.

## COMPONENT B: ROAD TRANSPORT

This component includes Roads and Storm Water, Public Transport as well as Licensing and Testing.

### 3.7 ROADS AND STORMWATER DRAINAGE

#### ROADS STRATEGY

The roads strategy of the municipality generally focuses on the following:

- The upgrading of gravel to paved/tarred roads, focusing on specific areas where there is greater need to improve mobility and quality of life in those areas;
- The maintenance of gravel roads in formal and informal settlements to enhance access to these areas;
- The execution of the patching strategy, rehabilitation and resurfacing of paved/tarred roads to prevent the deterioration of the existing infrastructure; and
- The improvement or construction of major roads to reduce traffic congestion and facilitate economic development.

Financial Performance 2013/14					
Roads R'000					
	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance
<b>Total Operational Revenue</b>	<b>542</b>	<b>962</b>	<b>1 312 379</b>	<b>370 682</b>	<b>941 697</b>



Financial Performance 2013/14					
Roads		R'000			
	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance
Expenditure	110 269	256 334	257 191	299 246	(42 055)
Employee related Costs	23 317	25 032	26 722	27 421	(699)
Repairs and maintenance	57 525	44 642	45 043	44 934	109
Other	29 427	186 660	185 426	226 891	(41 465)
<b>Total Operational Expenditure</b>	<b>110 269</b>	<b>256 334</b>	<b>257 191</b>	<b>299 246</b>	<b>(42 055)</b>
<b>Operational Expenditure</b>	<b>110 269</b>	<b>256 334</b>	<b>257 191</b>	<b>299 246</b>	<b>(42 055)</b>
<b>Net Operational Expenditure</b>	<b>-109 727</b>	<b>-255 372</b>	<b>1 055 188</b>	<b>71 436</b>	<b>983 752</b>
The Net expenditure to be consistent with the summary .....in Chapter 5.					

ROADS AND STORM-WATER DRAINAGE OBJECTIVES TAKEN FROM IDP: 2013/14						
		Target	Actual	Original Target	Adjusted Target	Actual
Improved public transport infrastructure	Number of km of new roads and stormwater drainage systems constructed in the following areas: Roads and storm-water-wards 23; Roads and storm-water – ward 26; Boitekong - Roads and storm-water; Monnakato- Roads and storm-water; Lethabong – Roads and Storm water- Ward 27 & 28; Boitekong Ext 8- Roads and Storm water; Ikemeleng storm-water drainage construction; Lethabong ext Roads and storm-water	59,5	32	19.5km R 41'254'014.86	0	28.5 - The Contract period was reviewed and it is anticipated to be 100% complete by August 2014. Expenditure = R 37'946'737.96
Improved public transport infrastructure	Number of Km of roads and stormwater drainage systems maintained (Roads and Rural areas (200km); Storm water drainage(25Km); Streets(12Km))	237	237	237Km - R 37'203'000	0	237Km - Maintenance is being done on an on-going basis. Re-graveling & Grading of roads as per maintenance plan. Expenditure = R 37'115'813.51
Improved public transport infrastructure	Percentage funds spent on road links from Boitekong	New KPI	0	100 = R 495 900.00	0	100 - The project has been completed. A saving of 49% was realized. Expenditure = R254 811.00
Implement integrated community safety and security strategy and measures	Percentage funds spent on upgrading of pedestrian walkways in Monnakato	New KPI	0	100 - R 1 574 810		91 - The project has been finalized and is 100% complete. Expenditure = R 1 433 467

Capital Expenditure : 2013/14 : Roads					
Capital Projects	2013/14				
	Total Project Value	Original Budget	Adjustment Budget	Actual Expenditure	Variance
<b>Grand Total</b>					
Boitekong Ext 8 – Roads and storm water	4 078 345	0	4 078 345	4 059 959	18 386
Boitekong Ext 16	461 173	9 000 000	461 173	461 172	1
Lethabong Roads and stormwater	93 844	0	93 844	93 843	1
Roads Wards 3,4,5,6,7,21,23,24&26	9 187 814	9 000 000	9 187 814	9 027 038	160 776
Tlhabane Construction of sidewalks	1 900 000	3 500 000	1 900 000	1 899 190	810
Ward 8 Construction of sidewalks	2 835 091	3 500 000	2 835 091	2 167 283	667 808
Ward 13 Construction of sidewalks	1 310 000	3 500 000	1 310 000	1 291 336	18 664
Mathopetad – Roads and stormwater	2 200 000	3 000 000	2 200 000	1 534 000	666 000
Syferbult – Roads and stormwater	2 300 000	3 000 000	2 300 000	1 294 073	1 005 927
Molote City – Roads and stormwater	2 500 000	3 000 000	2 500 000	2 322 398	177 602
Mogono/Luka	10 281 539	7 000 000	10 281 539	8 094 900	2 186 639
Seraleng – Roads and stormwater	15 000 000	15 000 000	15 000 000	14 999 999	1
Lethabong New Ext – Roads and stormwater	3 000 000	7 000 000	3 000 000	2 581 392	418 618
<b>Total</b>	<b>55 147 806</b>	<b>66 500 000</b>	<b>55 147 806</b>	<b>49 826 583</b>	<b>6 321 233</b>
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					

## COMMENTS ON THE PERFORMANCE OF ROADS AND STORMWATER

The overall performance in terms of the construction of roads was satisfactory when one takes the financial constraints the municipality faced during the period under review. The capital expenditure is approximately ninety percent (90.0%). There are however, concerns about the underperformance on the construction of sidewalks in Ward 13, construction of roads and stormwater drainage systems at Syferbult and Mogono. The performance with regards to road maintenance was 200 km which was the actual annual target for the 2013/14 financial year.

### 3.7.1 PUBLIC TRANSPORT SYSTEM

The Rustenburg Rapid Transport (RRT) project is a flagship national public transport initiative being implemented by the Rustenburg Local Municipality. The project aims to implement the recommendations of the national Department of Transport's *Public Transport Strategy and Action Plan*, approved by Cabinet in 2007, which gives selected cities in South Africa the mandate to establish an Integrated Rapid Public Transport Network (IRPTN). These networks aim to catalyse a transformation of South Africa's public transport sector into a safe, secure and high quality experience for the passenger. The planning, design and implementation of these IRPTNs are funded through dedicated Public Transport Infrastructure Grant (PTIG) and Public Transport Network Operations (PTNO) Grants.

The public transport system envisioned in the RRT project includes the following key elements:

- A fully integrated public transport network, including fare integration and closed transfers where possible.
- Recapitalisation of the entire public transport vehicle fleet to maximize safety, minimise carbon emissions and ensure universally accessibility.

- Redesigning the public transport network into new negotiated operating contracts for committed incumbent operators, with Rustenburg Municipality as contracting and regulatory authority.
- Preparing Rustenburg for the new public transport system through revised traffic management, freight, parking and Non-Motorised Transport (NMT) policies.
- Developing skilled personnel to manage the future system through mentorship and training in the Transport Rustenburg Incubation Programme (TRIP) and other initiatives.
- Developing a thorough understanding and fair allocation of costs and benefits between all involved parties.
- Positively influence spatial policies and plans, including those of CBD regeneration, to complement the new transport thinking and system.

#### Summary of Project Expenditure for 2013/14 Financial Year

Financial Accounting for PTIG Funds received and Expended	Rand
PTSIG funds – Approved Rollover 2013/14	R 221,908,000.00
PTSIG funds – Allocation 2013/14	R 500,000,000.00
Additional Funds	R130,000,000.00
Total funds available 2012/13	R 851,908,526.00
Total PTSIG Funds spent to date 2013/14	R 557,702,801.00
Percentage funds spent	66%

RUSTENBURG RAPID TRANSPORT OBJECTIVES TAKEN FROM IDP: 2013/14						
Service Objectives	Service Indicators	Target	Actual	Original Target	Adjusted Target	Actual
Improved public transport infrastructure	Percentage construction of the North West Corridor	90	93	100 - R 851 908 000.00	0	100 - The contract started on the 18 June 2013, the completion date was 20th November 2013. The Contractor was afforded an extension of time to the 28th February 2014. A Works Completion inspection was scheduled for the 4th April 2014. Practical Completion was achieved on the 26th February 2014, 2 days before the date of the intended PC date (28th February 2014). Expenditure = R 527 273 404.00
Improved public transport infrastructure	Percentage construction of the North East Corridor	New KPI	0	60	0	58 - The project consists of Contracts A B & C. The average of the contracts will be given in terms of expenditure and overall progress on site. The progress of Contracts A & C, and the portfolio of evidence was given as at the 3rd Thursday of every month, this is the date when the site progress meetings are held. The overall progress on the 3 sites are as follows: <ul style="list-style-type: none"> <li>• Contract A-73%</li> <li>• Contract B-57%</li> <li>• Contract C-44%</li> </ul> The average progress of the three contracts is at 58%. This shows a -2%. The expenditure to date on the 3 contracts is as follows: <ul style="list-style-type: none"> <li>• Contract A-R102 210 049.74/R 118 226 516.32</li> <li>• Contract B- R 151 434 449.85/R261 840 967.66</li> </ul>

						<ul style="list-style-type: none"> <li>Contract C-R 212 977 119.43/R 300 985 939.97</li> <li>Total=R 466 621 619.02/R 681 053 423.95x100=69%</li> </ul>
Improved public transport infrastructure	Date of Completion of the Detailed Design Report (other stations)	New KPI	0	Jun 2014	0	0 - At the beginning of the 4th quarter, the bid RLM/MM/0212/2013/14 served at the bid specification committee, was advertised and the tender closed on the 13th of June 2014. Contractor to be appointed in the first quarter of the Financial year 2014/15
Improved public transport infrastructure	Date of completion Phase 1 Depots a) Procurement of Design Consultants b) Design	New KPI	0	Jun 2014	0	Jun 2014 - Reasons for non-achievement - The reason that this tender was advertised late was because we needed legal inputs on the matter (cancellation of previous tender). This was granted only on the 8th of April 2014. This KPI is for the procurement of professional services of architects as lead consultants for the design of RRT Phase 1 depots. In the 3rd quarter, the tender served at bid specification committee, it was advertised on the 17 of April 2014 and the advert closed on the 11th of June 2014.

## COMMENT ON THE PERFORMANCE OF RRT

In the 2013/14 Financial Year, the project was allocated R851million PTIG funds of which R570 million have been spent in improving public transport in Rustenburg. Over a billion Rands will be invested within the next 3 years to further improve public transport infrastructure within the municipality.

## 3.8 LICENSING AND TESTING SERVICES

### STEPS TAKEN TOWARDS THE IMPLEMENTATION OF THE STRATEGY, THE MAJOR SUCCESSES ACHIEVED AND CHALLENGES FACED

#### Challenges Faced

- An estimated amount of R500 000.00 is needed for the finalization of the Marikana satellite Registering Authority.
- Operationalization of Learners License Class is on hold pending linking of infrastructure numbers to Rustenburg Registering Authority to be done by service provider.
- Robega satellite station is operating with three (3) temporary workers under supervision of Acting Supervisors who rotate quarterly.
- This action of utilisation of temporary Is in contravention to the Service Level Agreement with the Provincial Department of Transport. Their intention was to close the operation because of temporary workers who have access on the eNatis. The existing vacancies in the Unit hampers service delivery and contribute to noncompliance to the National Road Traffic Act 93 of '96.

The following reflects statistics of operations at the biggest Registering Authority in the North West Province, it includes the newly opened satellite office of Robega:

No	Details	Actual Performance		Revenue	
		2012/13	2013/4	2012/13	2013/4
1	Number of vehicle licences issued	88 181	201 591	16	88,940,582
2	Number of vehicles tested	2 468	2 477	511, 262	529,950
3	Number of vehicles registered	22 597	41 167	2,440,476	4,446,036
4	Number of Driving Licence Renewals	24 240	13 091	4,886,098.	1 756,188
5	Number of Driving Licence tests	8 143	22 461	1,812,444	2,496,342
6	Number of learners tested	19 692	15 121	2,481,192	190,246
7	Number of PrDPs issued	5 769	6 246	727,797	1,386,612
8	Number of Permits issued	623	1072	572,160	1,029,120
9	Number of duplicate Permits issued	539	916	52,170	203,352
10	Number of vehicles scrapped	172	806	7, 909	87,048
11	No of Traffic Register (form used by Foreigners to buy vehicles)	437	737	30,414	30,414
	<b>TOTAL</b>			<b>13 521 938</b>	<b>101 095 890</b>

Financial Performance 2013/14 Financial Year Licensing & Testing					
Details	2012/3	2013/14		Actual	Variance
	Actual	Original Budget	Adjustment Budget		
Total Operating Revenue	28 805 171	31 515 488	31 930 685	26 546 447	5 384 238
Expenditure	18 025 306	21 258 636	21 678 833	20 822 771	856 062
Employees	14 285 440	16 720 517	16 725 517	17 888 391	-1 162 874
Repairs and Maintenance	279 300	235 000	644 317	504 391	139 926
Other	3 460 566	4 303 119	4 308 999	2 429 989	1 879 010
Total Operational Expenditure	18 025 306	21 258 636	21 678 833	20 822 771	856 062
Net Operational Expenditure	-10 779 865	-10 526 852	-10 251 852	-5 723 675.41	4 528 177

LICENSING AND TESTING OBJECTIVES TAKEN FROM IDP: 2013/14						
		Target	Actual	Original Target	Adjusted Target	Actual
Drive good governance and legislative compliance in all municipal processes	Date of Operationalisation of licensing in Charora.	New KPI	0	Jun 2014		Oct 2013 - The licensing office in Charora was fully operational from October 2013.
Drive good governance and legislative compliance in all municipal processes	Percentage completion of the Marikana Licensing and Testing office	New KPI	0	100 -R955 000.79	0	95 - The building is 95% complete. Furniture, cubicles, paving and public toilets are still outstanding. <b>Reasons for not achieving</b> The project is delayed due to exhausted funds contributed by the municipality. <b>Remedial Action</b> Request funding from the mining houses and the provincial government to complete the project. Expenditure = R950 000
Drive good governance and legislative	Date of Operationalisation of the Learner's	New KPI	0	Jun-14	0	Jun 2014 - Inspection was already conducted by the Department of Transport. The class is ready for operation.

compliance in all municipal processes	Testing class in Robega.					
Drive good governance and legislative compliance in all municipal processes	Number of high schools enrolled for learner licenses	30	30	30	0	35 - Thirty Five (35) schools have been registered for this project. <b>Challenges</b> Registration is not in line with the financial year. <b>Remedial measures:</b> Realign the registration to link up with the financial year and all registrations be done in July, August and September for a particular year.

## CAPITAL EXPENDITURE

Capital Expenditure for the 2013/14 Financial Year				
Licensing & Testing		R'000		
Capital Projects	2013/14			
	Budget	Adjustment Budget	Actual Expenditure	Variance
<b>Total</b>	<b>412, 250</b>	<b>204, 050</b>	<b>178, 181</b>	<b>25 869</b>
Office Furniture	60, 000	60,000.00	52, 996	7 004
Shredding Machine	5, 000	5, 000	4, 785	215
Laminator	1, 250	1, 250	1, 097	153
Filling Room Extension	100, 000	100, 000	99, 566	434
Electronic Microphone	2, 000	2, 000	1, 837	163
2x Bank Notes Counting Machine	50, 000	35, 800	17, 900	17 900
Geyser	4 000	0.00	0.00	4 000
Scanner	30, 000	0.00	0.00	30, 000
Upgrading Of Cubicles	50, 000	0.00	0.00	50, 000
Shelter Dlrc	100, 000	0.00	0.00	100, 000
Queue Snake	10, 000	0.00	0.00	10, 000

## COMMENT ON THE PERFORMANCE OF LICENSING AND TESTING SERVICES

Major successes achieved:

- The number of vehicles licences issued increased by 228.6% from 88 181 to 201 591 and the revenue increased to R88 940 582 during the same period.
- Generally, the total revenue increased by 747.6% from R13 521 938 to R101 095 890.00.
- The Learners License Class was completed at the end of February 2014.
- The Robega satellite managed to reduce tremendous pressure of queuing customers at Rustenburg Registering Authority.

## COMPONENT C: PLANNING AND DEVELOPMENT

### 3.9 PLANNING

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#### INTRODUCTION

Town and regional planning is a specialised technical field that is concerned with the control and management of the use of land and the design of the environment, including road and transport networks, to guide and ensure an effective development of settlements of communities and business (both commercial and industrial). It is concerned with research and analysis, strategic thinking, urban design, public consultation, policy analysis, development and implementation.

#### PRECINCT PLANNING

The municipality embarked on the precinct planning process during the financial year under review. The council later resolved that the area/community based planning project should be incorporated in precinct process. Precinct plans that clearly stipulated the development processes and procedures, were completed for the following areas:

- Tlhabane
- Monnakato
- Phatsima
- Marikana
- Lethabong
- Boitekong
- N 4 Corridor

The following projects were initiated as a result of the development of the precinct plans:

- Development of the Beyers Naude, President Mbeki and its intersections road master plan.
- The development of the airport master plan
- The determination of Boitekong links
- The upgrading of the Rustenburg airport
- The installation of Monnakato pedestrian walkways.

#### SERVICE STATISTICS FOR PLANNING

#### TOWN PLANNING AND BUILDING CONTROL

Land use and building plans applications in terms of rezoning and township establishment that were approved or finalised during the financial year under review:

APPLICATIONS FOR LAND USE DEVELOPMENT					
No.	Detail	Formalization of Townships		Rezoning	
		2012/13	2013/14	2012/13	2013/14
1	Planning applications received	08	12	120	113
2	Determination made in year of receipt	02	04	100	80
3	Determination made in the following year	06	08	115	95
4	Applications withdrawn	00	00	05	03
5	Applications outstanding at the end of the year	06	08	20	33

Financial Performance 2013/14 Financial Year Planning R' 000					
Details	2012/3	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance
<b>Total Operating Revenue</b>	<b>600 008</b>	<b>680 481</b>	<b>870 481</b>	<b>695 023</b>	<b>175 458</b>
<b>Expenditure</b>	<b>12 388 048</b>	<b>22 123 495</b>	<b>19 868 971</b>	<b>20 014 114</b>	<b>-145 143</b>
Employees	6 038 949	7 614 644	7 614 644	8 217 261	-602 617
Repairs and Maintenance	0	5 000 000	1 093 735	1 093 735	0
Other	6 349 099	9 508 851	11 160 592	10 703 118	457 474
<b>Total Operational Expenditure</b>	<b>12 388 048</b>	<b>22 123 495</b>	<b>19 868 971</b>	<b>20 014 114</b>	<b>-145 143</b>
<b>Net Operational Expenditure</b>	<b>-11 788 048</b>	<b>-21 443 014</b>	<b>-18 998 490</b>	<b>-19 319 091</b>	<b>-320 601</b>

### 3.10/11 LOCAL ECONOMIC DEVELOPMENT

#### INTRODUCTION TO ECONOMIC DEVELOPMENT

The primary objective is to “drive diversified economic development and job creation”. This is made possible through participatory, coherent and co-ordinated economic policy and planning for the benefit of all people in the area of jurisdiction of Rustenburg Local Municipality. The secondary objectives of the directorate are as follows:

- To quantify the impact of a consolidated minerals index, value adding production and economic growth;
- To revive and expedite development of alternative high value adding economic growth sectors: agriculture, manufacturing, transportation services and products;
- To build and support broad-based black economic empowerment (BBBEE) and sustainable Small, medium and micro enterprises (SMMEs) business development;
- To create an enabling environment for the attraction, retention and expansion of foreign and local investment;
- To stimulate and facilitate sustainable tourism development and marketing of Rustenburg City as world class destination;
- To develop an integrated human resources to empower community skills development; and
- To develop an institutional integrated human resources capability that enhances institutional competence.

#### LED STRATEGY IMPLEMENTATION

RLM Council has approved the LED Strategy to address the socio-economic needs of the community. The framework for the implementation of the LED strategy will center around four main catalytic projects identified during the planning phase. These catalytic projects include:



## Identified Catalytic Projects

Project	Status Quo	Enablers
International Convention Center	Feasibility Studies have been completed in the current financial year, next phase is to develop a bankable business plan as well as implementation plan through Public Private (PPP) Sector Partnership	Establishment of Rustenburg Development Agency to implement and monitor developments We are planning a Trade & Investment Conference in 2015/16 financial year once bankable plans have been completed We are undertaking a branding exercise to re-position the city and these projects will form part of the branding exercise To assist the municipality in the implementation of these catalytic projects, we are in the process of establishing an Economic Advisory Council which is going to representative of government, parastatals as well as the private sector.
CBD Flea Market		
Fresh Produce Market		
Trade & Investment Dev Centre		
Mining Supplier Park (as a component of Special Economic Zone)	Concept document has been developed with the assistance of Province. We will be engaging with the mines to jointly fund the project through their Social Labour Plans	

These catalytic projects will have multiplier effect on SMME development through equity participation and will also stimulate market-driven approach for existing and new enterprises, especially the youth.

## Multiplier Effect on the Economy

Project	Multiplier Effect (Benefits accruing to local SMMEs)	Sector
International Convention Center	Equity into the catalytic by the locals to be funded by National Empowerment Fund or through Youth Accord	Financial
	Cleaning	Services
	Construction	Construction
	Protective Clothing	Manufacturing
	Cleaning Chemicals	
	Property Development	Services
	Property Management	
	Event Management	
	Security	
	Cleaning Material & Supplies	
	Stationery Suppliers	
CBD Flea Market	Wholesale & Retail	Wholesale & Retail
	Construction	Construction
	Security	Services
	Transport & Logistics	Services
	Warehousing	Services
	Cottage Industry (Cakes, Sweets, Biltong, novelties etc.)	Manufacturing
	Arts & Crafts	Arts
Fresh Produce Market	Primary Agriculture	Agriculture and Agro-processing
	Agro-processing	
	Transport & Logistics	Services
Trade & Investment Dev Centre	Information on export opportunities	All sectors
	Construction	Construction
	Information Technology	IT
Mining Supplier Park/SEZ	Steel	Manufacturing
	Chemicals	
	Protective Clothing	
	Security	Services
	Cleaning	
	Secretariat & Book-keeping services	
	Transport & Logistics	Transport

## COMMENT ON LOCAL JOB OPPORTUNITIES

732 of the 3281 jobs created in 2013/14 were through EPWP and 1700 of the 3281 jobs created in 2013/14 were through CWP. Infrastructure projects created 405 jobs during the 2013/14 financial year.

The informal economy forms a key component of LED to address unemployment and to support creation of sustainable livelihoods. The municipality has built hawkers stalls at the taxi rank in the Rustenburg CBD.

JOBS CREATED DURING 2013/14 I.E. LED, EPWP, INFRASTRUCTURE PROJECTS, RRT & CWP			
Year	No. of Jobs created	No. of Jobs lost/displaced by other initiatives	Net total jobs created in year
2012/13	2762	0	2762
2013/2014	3281	0	3281

Financial Performance 2013/14					
LED R'000					
	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance
<b>Total Operational Revenue</b>	37 720	3 017 560	325 470	85 113	240 357
Expenditure	16164046	37 295 351	41 048 909	35 646 727	1 648 624
Employee related Costs	6185499	R6 272 566	6 918 440	6 421 917	496 523
Repairs and maintenance	7700	15 000	110 150	R101 117	9033
Other	9 978 547	31 007 785	34 020 319	29 123 693	4 896 626
<b>Total Operational Expenditure</b>	16164046	37 295 351	41 048 909	35 646 727	5 402 182
<b>Operational Expenditure</b>	16164046	37 295 351	41 048 909	35 646 727	5 402 182
<b>Net Operational Expenditure</b>	16126 326	34 277 791	40 723 439	35 561 614	5 161 825
The Net expenditure to be consistent with the summary .....in Chapter 5.					

LOCAL ECONOMIC DEVELOPMENT OBJECTIVES TAKEN FROM IDP: 2013/14						
Service Objectives	Service Indicators	2012/13		2013/14		
		Target	Actual	Original Target	Adjusted Target	Actual
Build and support broad-based black economic empowerment and sustainable Small, Medium and Micro Enterprises (SMMEs) business development	% Completion of Rustenburg Hawkers Stalls at Taxi Rank Area	100	100	100 - R5 696 809.14	0	55 - - Start date was January 2014 and completion date on the 06/08/2014; - The 39 stalls were erected and electrical conduits installed. Eating and wash area complete. - The progress is 55%  Reasons for Non-Achievement - Delay on relocation of the Hawkers but the contractor has now moved to the

LOCAL ECONOMIC DEVELOPMENT OBJECTIVES TAKEN FROM IDP: 2013/14						
Service Objectives	Service Indicators	2012/13		2013/14		
		Target	Actual	Original Target	Adjusted Target	Actual
						remaining section of the phase. Expenditure = R743 612.60
Build and support broad-based black economic empowerment and sustainable Small, Medium and Micro Enterprises (SMMEs) business development	Percentage of bids awarded to companies with BBBEE content in line with the municipality's Preferential Procurement Policy	80	80	80	0	93 - 1st Quarter – three reports were submitted to the MM and then Council (July to September 2014 ) 2nd Quarter – three reports were submitted to MM and quarterly report was submitted to council in January 2014 – October to December 2013 3rd Quarter - three reports were submitted to MM and then quarterly report was submitted to Council in April 2014. The three reports for the quarter are for January 2014 to March 2014. 4th Quarter - Three reports for the fourth quarter were submitted to the MM's office and quarterly report presented to council.
Build and support broad-based black economic empowerment and sustainable Small, Medium and Micro Enterprises (SMMEs) business development	Number of jobs created through municipality's local economic development initiatives including capital projects	3000	2762	3000	0	3281 : EPWP 732 LED – Construction of Hawkers Stalls 59 DPHS 305 DTIS Roads and Stormwater 405 RRT 80 CWP 1700
Build and support broad-based black economic empowerment and sustainable Small, Medium and Micro Enterprises (SMMEs) business development	Rand value of linkages on SMME Procurement facilitated with big business.	R2.9bn	-	R200 Million	0	R100 Million -Not Achieved  • R 22 million Branding Contract has been awarded to Brand Leadership & Kgokagano (local company) • R 15 million

LOCAL ECONOMIC DEVELOPMENT OBJECTIVES TAKEN FROM IDP: 2013/14						
Service Objectives	Service Indicators	2012/13		2013/14		
		Target	Actual	Original Target	Adjusted Target	Actual
						<p>International Music &amp; Lifestyle Festival tender has been awarded to Keiko &amp; TTT JV</p> <ul style="list-style-type: none"> <li>• R 2 million contract on Mining Summit has been awarded to Utho Capital</li> <li>• R 5 750 000 contract for renovation of Visitor Information Center has been awarded to Mogaki Civils</li> <li>• R 5 696 809.14 contract has been awarded to Thuso Construction for renovation of hawker stalls at Max Bornman Triangular Area (Taxi Rank)</li> <li>• R 5 million contract has been awarded to Naledia Group for implementation of the LED strategy</li> <li>• R3 million contract has been awarded to Ya Rona Temo for Mathopestad Agricultural Project</li> <li>• R 850 000 contract has been awarded to GSA &amp; Ditsamai Investment &amp; Projects for feasibility of Flea Market in Rustenburg</li> </ul> <p>The strike at the mines has made it difficult to continue interaction with various mines. We have only been in a position to get a report from Impala and Glencore. We have however also been engaging with Lonmin, Acquarius and We Sizwe who also participated at our recently held</p>

LOCAL ECONOMIC DEVELOPMENT OBJECTIVES TAKEN FROM IDP: 2013/14						
Service Objectives	Service Indicators	2012/13		2013/14		
		Target	Actual	Original Target	Adjusted Target	Actual
						<p>Mining Summit.</p> <p>Several factors have contributed towards mining companies procuring from local companies. They include:</p> <ul style="list-style-type: none"> <li>- Ongoing interactions with the mines and SMMEs that require support to supply to the mines</li> <li>- The recent mining summit held</li> <li>- The Mining Charter</li> </ul>
Develop, implement and review internal policies and procedures on regular basis	% implementation of LED Strategy	New KPI	0%	100	0	<p>70 - Not Achieved</p> <ul style="list-style-type: none"> <li>- Group Naledia has facilitated strategic partners with the following organizations:</li> <li>- The service provider has also developed a time frame on milestones attached please find progress report on the appointed Service Provider (Naledia Group) on the Implementation of LED Strategy.</li> </ul>

LOCAL ECONOMIC DEVELOPMENT OBJECTIVES TAKEN FROM IDP: 2013/14						
Service Objectives	Service Indicators	2012/13		2013/14		
		Target	Actual	Original Target	Adjusted Target	Actual
Stimulate and facilitate sustainable tourism development and marketing of Rustenburg City as a world-class destination	% completion of the City Branding Strategy Phase 1	New KPI	0	35	0	45 - The project is on track, with the first phase completed and work on the second phase has commenced. The following milestones were achieved during the first phase: - Brand delivery Launch - Brand positioning and identity - Preliminary brand identity - Brand positioning and identity validation research - Final Brand Positioning – Refinements - Final Brand identity – refinements * Rollout: Website and Advertising products (Marketing, Advertising Strategy and concepts, Brand implementation and marketing * The Item was presented to Mayoral and Council on the 28th May 2014

Capital Expenditure for the 2013/14 Financial Year				
LED		R'000		
Capital Projects	2013/14			
	Budget	Adjustment Budget	Actual Expenditure	Deviation from Original Budget
Total	12 182 234	0	10 887 626	1 285 608
Refurbishment of Rustenburg Show Ground	754 000	0	570 731	183 269
Roller Shut Door System Cupboard	15 000	0	12 905	2 095
Wall Mounted Screen	5 000	0	5 000	0
Ceiling mounted projector	8 000	0	6 367	1 633
Office furniture	43 000	0	3 723	39 277
Refrigerator	3 000	0	2 900	100
Renovations of Visitor Information Centre	5 146 000	0	5 052 369	93 631

Rustenburg Hawker Stalls	6 208 234	0	5 233 631	974 603
<b>Total</b>	<b>12 182 234</b>	<b>0</b>	<b>10 887626</b>	<b>1 294 608</b>

### Agricultural Projects Supported

	Project Name	Beneficiaries	Area	Ward	Support Rendered	Status Quo
1.	Rankelenyane Vegetables & Citrus project	4	Rankelenyane	24	Borehole 4 Tunnels	The production is continuing well after the disturbance by the heavy rains early in the year. The tunnels have started operating.
2.	TsomangLefat she Agricultural Cooperative	8	Ikageng	29	Fence Water supply Electricity connection	The project is resuming production after experiencing challenges with the rains early this year
3.	Boitekong Agricultural cooperative	11	Boitekong	21	Irrigation system Shade nets	Vegetables site is operational challenges are which weeds needs a lot of labour. The poultry structure produced mortality is being rectified to be able to start with production.
4.	Itireleng Agricultural Cooperative	5	Boitekong	21	Fence Testing of borehole Equipping of borehole Water tanks	The project infrastructure is completed at the project should start full scale vegetable production.
5.	Thojane agricultural Cooperative	4	Phokeng	1	Irrigation system 4 Tunnels	The vegetables production is increasing and will be increased more with the tunnels which are being prepared. The project won Female farmer completion at Provincial and National level.
6.	AgangMatselana Agricultural Cooperative	8	Serutube	23	Borehole and equipping Water tanks Ploughing	The group of elders women are committed and producing vegetables. The current borehole seem not yield enough water and the might be a need to drill another to supply water to the project
7.	Basadilemang Agricultural Cooperative	8	Mamerotse	26	Borehole and equipping Generator Ploughing	Second borehole has been drilled after the first one dried up. Vegetable production is still small scale
8.	Boitekong piggery	11	Boitekong	21	Infrastructure by Anglo Platinum Mine Feed supply	The Anglo Mine provided piggery infrastructure and start stock Feeding is the main problem as it expensive to feed pigs and break even
9.	Mathopestad Crop project	10	Mathopestad	36	Appointment of project manager was done and conducted the following: Registration of cooperative (NtshaMarota Agricultural Cooperative represented Community)	Challenges such Soil conditions and lack of VAT registration by project manager delayed progress to date (Detailed report provided separately)

	Project Name	Beneficiaries	Area	Ward	Support Rendered	Status Quo
					Training of beneficiaries conducted Procurement of inputs	
10	Brahman Stud breeders	2	Phokeng Bethanie	1 & 31	Stud breeders supported with feed for animals participating in the agricultural shows	Farmers participate in agricultural shows and are registered stud breeders. Their participation is expected to put Black commercial famers on the map
11	Agricultural Machinery Assistance		ALL	ALL	Ploughing, discing and planting for several projects	Three tractors with implements are available for use by farmers. Machinery is inadequate to can assist all famers in All Wards. Certain projects received assistance. (Detailed report provided separately)

## COMMENT ON THE PERFORMANCE OF LOCAL ECONOMIC DEVELOPMENT

The following were achieved during 2013/14 financial year:

PROJECT NAME	STATUS
<b>Rustenburg Show 2013</b>	<ul style="list-style-type: none"> <li>• Attracted over 45 000 visitors over the 8 days</li> <li>• Over 500 temporary jobs created</li> <li>• More than 20 local SMMEs supported</li> <li>• There were cattle, goat and sheep farmers</li> <li>• Over 120 general exhibitors (33 indoor and 96 outdoor) with products and services ranging from livestock to food &amp; beverages, fashion, toys, financial services, jewellery, travel services, hospitality and outdoor lifestyle products amongst others.</li> <li>• Schools around Rustenburg were bussed in and exposed to agriculture, tourism, arts &amp; culture as well as entertained through amusement park rides.</li> <li>• Strategic Partners included Royal Bafokeng Administration, Provincial Department of Sport, Arts &amp; Culture</li> <li>• Media partners included Radio North West and at district level through local newspapers, The Herald and Platinum Weekly.</li> <li>• 138 Exhibition Sales Beer Garden SMME procured</li> <li>• Over 80 SMME's exhibited</li> <li>• 50 Emerging designers and models for fashion show</li> <li>• 7 local Catering SMME companies selling food</li> <li>• Over 200 school children attended the event</li> <li>• 500 local volunteers procured</li> <li>• 2 local emerging décor companies used for major events of show</li> <li>• 8 local Road show promoters Local supplier for T shirt printing</li> <li>• 2 local radio stations used for advertising Radio advertising reached 19 towns via North West FM</li> </ul>



PROJECT NAME	STATUS
Mining Conference	<ul style="list-style-type: none"> <li>The inaugural Rustenburg Mining conference was held at the Rustenburg Civic Centre from 25 – 27 November 2013 under the theme: “From Mining Town to World Class City – Empowering Communities for Sustainable Development”.</li> <li>RLM appointed Utho as its event managers to assist with facilitation of the Mining conference.</li> <li>The proceedings of the Rustenburg Local Municipality Mining conference were characterised by expression of partial support by surrounding Mining Houses</li> <li>The attendance especially on the first day of the conference was surprisingly good for an inaugural event and a total of 310 delegates attended the event against a targeted number of 300 delegates.</li> <li>Speakers’ presentations were of a high quality and were very well received by the majority of the delegates. Breakaway session added value to the conference.</li> <li>Speakers included (amongst others):</li> <li>The Honourable Executive Mayor of Rustenburg Local Municipality <ul style="list-style-type: none"> <li>The Honourable MEC for Economic Development, Environment, Conservation and Tourism, Ms. M Rosho</li> <li>The President of Chamber of Mines of South Africa, Mr Mike Teke</li> <li>The Chief Director: Regional &amp; Special Economic Development from the dti, Mr Alfred Tau</li> <li>Portfolio Manager for Anglo Platinum Hubs – Mr Ernest Sejosengoe</li> <li>Executive Head: Corporate Affairs at Anglo American – Ms. Mary-Jane Morifi</li> <li>Director: SEDA Platinum Incubator – Mr Hamilton Mphidi</li> <li>Group Manager: BEE Procurement &amp; Enterprise Development, Glencore Alloys – Mr Naas Fischer</li> </ul> </li> </ul>
International Music & Lifestyle Festival	<ul style="list-style-type: none"> <li>The International Music &amp; Lifestyle Festival was held from the 28<sup>th</sup> of November till 30<sup>th</sup> of November 2013</li> <li>A media conference held on the 5<sup>th</sup> of November 2013.</li> <li>The event was held primarily to promote ailing tourism in the area and to also develop and grow young talent in arts &amp; culture.</li> <li>Four (4) facilities of the municipalities were used for this event - Olympia Park, Rustenburg Show Grounds, Visitor Information Center, Civic Center</li> <li>The programme kicked off with Mayoral Golf Cup linked to a development programme where 25 youths attended coaching clinic over 2 days, 27<sup>th</sup> &amp; 28<sup>th</sup> of November.</li> </ul>
Branding of the City	<ul style="list-style-type: none"> <li>The Brand Leadership Group was appointed to manage this process Engagement with stakeholders (Members of the Community) through questionnaires and surveys</li> <li>Training of Staff as Brand Ambassadors</li> <li>Interviews with political leadership as well as administrative officers within the municipality</li> <li>Interviews with the private sector to solicit input</li> </ul>
Renovations of the Visitor Information Center	<ul style="list-style-type: none"> <li>The Visitor Information Centre was renovated and is going to serve as a center piece for tourism coming into our area, promoting local accommodation, restaurants, tour operators and our arts, culture and heritage.</li> </ul>

## COMPONENT D: COMMUNITY & SOCIAL SERVICES

### 3.12 LIBRARIES, ARTS & CULTURE

## LIBRARIES

### INTRODUCTION

One of the targets set in the United Nations Millennium Development Goals is that all boys and girls should complete their primary education by 2015. Public/Community libraries in South Africa can contribute to this ideal by providing the relevant information in an appropriate environment to help boys and girls to complete their primary education.

To contribute to the attainment of this target, the municipality's libraries are focusing on programmes such as readership, literacy, family literacy, literature and writing.

### OUTREACH PROGRAMMES

A number of Readership and Outreach Programmes were presented during 2013/2014 Financial Year to promote reading and library services, namely –

PROGRAMMES	FOCUS AREA	LIBRARY
Nelson Mandela Day	<ul style="list-style-type: none"><li>Library staff devoted their 67 minutes to focus on those with disabilities with representatives of BlindSA and Spes Bona</li><li>The total value of the 28 sticks at R250 each is R7, 000.</li><li>Occupants of Spes Bona, an institution for the disabled, demonstrated handcraft activities produced on a daily basis such as paintings, embroidery, woodcraft, etc.</li></ul>	Main library on Thursday, 18 July 2013
Women's Day	<ul style="list-style-type: none"><li>Representatives of the South African Police Service and Correctional Services - violence against women, such as rape and assault, women's health and physical exercises, etc.</li><li>Total number of forty two (42) people, mostly women, attended the event.</li></ul>	Boitekong Library from Wednesday, 14 to Friday, 16 August 2013.
Heritage Day	<ul style="list-style-type: none"><li>Attended by 99 people.</li><li>The purpose of the event was to make the community aware that the Rustenburg Public/Community Library and Information Services cater for all kinds of cultural groups, irrespective of one's reading and information needs.</li><li>All the different ethnic and cultural groups were represented by cultural organisations, schools, library workers and members of the community, such as Basotho, Batswana, Amakhosa, Vhavenda, Afrikaners, Indians and many more.</li><li>It was a very successful event and all those present enjoyed the dancing and singing, as well as the demonstration of cultural articles that were used in the olden days.</li></ul>	Marikana Library on Wednesday, 18 September 2013
Cancer awareness	Cancer awareness programmes were presented with the assistance of the Department of Health and CANSAS	Barseba Information hub - Friday, 25 October 2013
	101 attendees were present and on with 49 secondary school learners and four teachers present.	Main library - October Wednesday, 30

PROGRAMMES	FOCUS AREA	LIBRARY
Male Medical Circumcision Event	Topic that is currently relevant in South Africa due to a high number of young men dying each year due to traditional initiation ceremonies in remote areas of the country; especially in the Eastern Cape and KwaZulu-Natal. This event was presented with the assistance of the Phokeng Health Centre that provided information on circumcision to those who visited their stalls. A total number of sixty seven (67) people visited the stalls, mostly men.	Wednesday, 20 November 2013, at the main library.
"16 Days of Activism"	Attended by thirty six people (36) people. Presentations were made by different speakers on crime prevention, treatment for trauma, etc.	Charora Information hub on Wednesday, 4 December 2013
South African Library Week	All municipal libraries presented exhibitions during the South African Library Week	All municipal libraries from Monday, 17 to Thursday, 20 March 2014
	Special programme at Marikana Library Fifty seven (57) learners were introduced to the services provided by the library.	Marikana Library
International Day of the Book programme	International Day of the Book programme was presented Assisted Unisa's Department of Information Science on family literacy	Marikana Library on Wednesday, 23 April 2014

## ACHIEVEMENTS

- Extension of library services to farm schools - Introduction of a programme of embracing farm schools, to school principals in January 2013.
- United Nations Millennium Development Goal 2: Achieve Universal Primary Education\_- Although books are expensive, the municipality is making a large contribution (about R700,000 per annum) for the purchasing of new study and reference books each year, as books are necessary to support both individual and self conducted education as well as formal education at all levels.
- Bill and Melinda Gates Foundation: Grant to enhance Public Internet Access - The Rustenburg Public Library is going to benefit from a grant of \$32 million by the Bill & Melinda Gates Foundation from January 2014 to December 2015 to enhance Internet access in libraries.

## 3.13 CEMETRIES

### OBJECTIVE

To provide conventional burial spaces (graves) and the maintenance of cemeteries.

The following table presents statistical data for services rendered at all municipal cemeteries during the period under review:

Month	Donkerhoek	Lethabong	Marikana	Monakato	Phatsima	Rietvlei	Tlhabane	Zinniaville / Karlienpark
July	9	23	1	4	11	26	0	2
Aug	0	22	0	5	4	45	0	0
Sept	0	21	0	3	10	39	0	0
Oct	9	27	0	3	4	74	0	0
Nov	9	28	0	5	15	39	0	1
Dec	6	20	0	7	14	68	02	0
Jan	9	14	1	4	12	63	0	2
Feb	6	23	0	9	5	18	0	0
Mar	4	25	0	7	8	73	0	0

Month	Donkerhoek	Lethabong	Marikana	Monakato	Phatsima	Rietvlei	Tlhabane	Zinniaville / Karlienpark
Apr	12	18	0	10	11	54	0	2
May	12	20	0	19	9	76	0	1
June	1	18	1	5	7	52	0	0
<b>TOTAL</b>	<b>77</b>	<b>259</b>	<b>3</b>	<b>81</b>	<b>110</b>	<b>627</b>	<b>2</b>	<b>8</b>
<b>1167</b>								

#### Statistical data for burial services rendered

Financial Performance 2013/14 Financial Year Cemeteries R'					
Details	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance
<b>Total Operating Revenue</b>	951 483	1 499 300	1 499 300	842 201	<b>657 099</b>
<b>Expenditure</b>	7 176 789	5 627 407	5 816 457	5 421 864	<b>394 664</b>
Employees	3 892 507	4 354 653	4 413 034	4 457 678	(44 644)
Repairs and Maintenance	328 865	36 533	78 142	59 064	19 078
Other	2 955 417	1 193 662	1 325 281	905 051	420 230
<b>Total Operational Expenditure</b>	7 176 789	5 627 407	5 816 457	5 421 793	394 664
<b>Net Operational Expenditure</b>	<b>6 225 306</b>	<b>5 627 407</b>	<b>4 317 157</b>	<b>4 579 592</b>	<b>262 435</b>

#### CEMETERY OBJECTIVES TAKEN FROM IDP: 2013/14

		Target	Actual	Original Target	Adjusted Target	Actual
Implement quality and improved health and social services to Communities	Percentage construction of ablution block at Bethanie cemetery	New KPI	0	100 - R 350 000	0	100 - Site handover was done on 06/09/2013. Expenditure: R171 588.00
	Percentage construction of ablution block at Lethabong cemetery	New KPI	0	100 - R475'00.00	0	100 - Site Handover was done on 06/09/2013. Expenditure: R513 269.10
	Number of boreholes drilled at Marikana and Rietvlei cemeteries	New KPI	0	2 - R200'000.00	0	2 - Drilling of water boreholes has been completed. Expenditure: R198 140.00

#### COMMENTS ON THE PERFORMANCE OF CEMETERIES

The following performance improvements and major efficiencies were achieved during the period under review:

- Hundred percent (100%) provision of burial services; development of new burial space; and additional fencing around cemeteries.
- The Indigent Support Policy has assisted several community members living in poverty and squalor to be buried in dignity with almost no charge.

#### 3.14 OPEN SPACES AND PARKS

Responsible for the management and maintenance of sidewalks, open spaces, cemeteries and horticultural services. The following six (6) parks are currently available for public use in the municipal area:

- Tlhabane park (GG)
- Joubert/ Burgers' ford park
- Paul Bodenstein
- Tlhabane amusement park
- Dawes park
- Sunrise park-park

PARKS OBJECTIVES TAKEN FROM IDP: 2013/14						
		Target	Actual	Original Target	Adjusted Target	Actual
Implement quality and improved health and social services to Communities	Percentage completion of upgrading of Paul Bodenstein Park (Phase II)	New KPI	0	100 - R3million	0	100 - Clear and grab completed, cleaning of ponds/dams completed, irrigation system installed, demolition of old braai areas done, demolition of old thatch roofs done, new thatch roofs completed, construction of new ablution blocks . completed, new braai areas completed, new grass has been planted and new paved walkways completed. - Target achieved and handed over on 17th January 2014. Expenditure: R2 962 847.95
Implement quality and improved health and social services to Communities	Percentage completion of park in Tlhabane – Phase 2	Phase I	Completed	100 - R3 800 000.00	0	100 - Construction of ablution facilities, guardhouse and braai areas as well as landscaping and main water connection and all have been completed as per SDBIP. Ø Project completed on the 23 October 2013. Expenditure = R3 787 648.89

## COMPONENT F: HEALTH

### 3.15 OCCUPATIONAL HEALTH AND SAFETY

In terms of Occupational Health and Safety Act, 85 of 1993, employers are required to take all reasonable measures to ensure that the requirements of the Act are complied with. This includes provision of training to their employees to ensure their health and safety and those of visitors. Below are the services that were provided regarding occupational health during the 2013/14 financial year:

#### Number of Services Provided

No.	Service Provided	Number of Cases
1	Occupational Health Services (Medical surveillance, and health assessments)	288

Educational programmes, such as EAP and OHS, etc were provided to a total number of one thousand two hundred and eight (1 208) employees during the financial year.

## COMPONENT G: SECURITY AND SAFETY

This component includes: Law Enforcement, Traffic, Security, Municipal Court, Fire and Disaster Management

### 3.16 LAW ENFORCEMENT, TRAFFIC, SECURITY, FIRE, DISASTER AND MUNICIPAL COURT

One of the main pillars for the realisation of the municipality's vision of "A world class city" is the creation of safe environment. Collaboration and cooperation with all law enforcement agencies in the municipal area is critical for the success of the directorate. Success depends largely on joint operations which pool together expertise and resources for fighting a common enemy. Key collaborators in these joint operations are the Immigration Officers from the Department Home Affairs, members of the South African Police Services and the Provincial Department of Community Safety and Liaison.

#### Law enforcement and traffic statistical data

Municipal Law Enforcement Services Data for the ended June 2014					
No	Details	2012/13	2013/14	2014/15	
		Actual No	Target	Actual No	Target
1	Number of traffic accidents for the year (minor)	2744	3000	2104	896
2	Number of fatalities for the year	5	6	3	3
3	Number of by-law infringements attended for the year	16441	18000	19526	-1 526
4	Number of traffic fines issued during the year	29526	18000	62951	-44 951
5	Number of traffic officers on duty on an average day	5	12	5	7
6	Number of law enforcement officers on duty on an average day	8	12	8	4

Financial Performance 2013/14 Financial Year Law Enforcement and Security Services					
Details	2012/3	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance
Total Operating Revenue	0.00	0.00	0.00	0.00	0.00
Expenditure	500 000	10, 680, 617	10, 618, 254	9, 517, 581	1, 100, 673
Employees	0.00	8, 641, 106	8, 641, 106	8, 593, 583	47, 523
Repairs and Maintenance	0.00	229, 358	46, 264	1, 140	45, 124
Other	500, 000	1, 810, 153	1, 930, 884	922, 859	1 008 025
Total Operational Expenditure	500, 000	10, 680, 617	10, 618, 254	9, 517, 581	1, 100, 673
<b>Net Operational Expenditure</b>	<b>500, 000</b>	<b>10, 680, 617</b>	<b>10, 618, 254</b>	<b>9, 517, 581</b>	<b>1, 100, 673</b>

TRAFFIC, SECURITY AND MUNICIPAL COURT OBJECTIVES TAKEN FROM IDP: 2013/14						
Service Objectives	Service Indicators	2012/13		2013/14		
		Target	Actual	Original Target	Adjusted Target	Actual
Implement integrated community safety and security strategy and measures	Date of completion of the layout / building plans for the Expansion of CCTV Surveillance Room	Jun-13	Not Achieved	June 2014 - R1 Million	0	<p>Appointment of Service Provider - The Contractor was appointed on 29 October 2013 at an amount of R7 299 050.00. The available budget was only R1 000 000.00. Design for layout plan has been completed. The project is on hold due to lack of money. Reason for not achieving:</p> <p>Inadequate funding (R1 000 000.00) and R261 000.00 has already been spent, the balance was R739 000.00.</p> <p><b>Remedial measures:</b> An adjustment of R6 299 050.00 to be done during adjustment budget in 2015. Expenditure R261 000.00</p>

TRAFFIC, SECURITY AND MUNICIPAL COURT OBJECTIVES TAKEN FROM IDP: 2013/14						
Service Objectives	Service Indicators	2012/13		2013/14		
		Target	Actual	Original Target	Adjusted Target	Actual
	Number of reports on the implementation of Municipal Intervention Scheme and Patrols (MISAP)	New KPI	0	8		32 - Achieved. Thirty two (32) reports have been submitted. This programme has just been started in November 2013. It serves as an environmental scanner and identifies potential risks, as well as perceptual and actual risks with an intention to intervene and coordinate relevant stakeholders to intervene.
	Number of Peace and Stability Programmes conducted	New KPI	0	4	0	28 - A Conflict Resolution Committee was established in October 2011 to address the concerns of the community. The objectives of this committee are to maintain stability, peace and social cohesion; ensure that the rule of law prevail and create a platform for dialogue. Twenty Eight (28) programmes were undertaken during the financial year.
Implement integrated community safety and security strategy and measures	Percentage implementation of Integrated Communication Centre	100	100	100		100 - The crisis centre and call centre are fully operational.

Financial Performance 2013/14 Financial Year					
Traffic Services					
Details	2012/3	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance
Total Operating Revenue	8, 178, 237	13, 059, 011	13, 129, 011	10, 833, 937	2, 295, 074
Expenditure	91, 416, 365	93, 544, 921	86, 098, 371	73, 730, 117	12 368 254
Employees	44, 441, 595	47, 331, 994	47, 331, 994	41, 667, 668	5 664 326
Repairs and Maintenance	4, 350, 363	3, 615, 052	3, 125, 271	3, 143, 414	(18 143)
Other	42, 624, 407	42, 597, 875	35, 641, 106	28, 919, 035	6 722 071
Total Operational Expenditure	91, 416, 365	93, 544, 921	86, 098, 371	73, 730, 117	12 368 254
Net Operational Expenditure	83, 238, 128	80, 485, 910	72, 969,360	62, 896, 180	10 073 180

Capital Expenditure for the 2013/14 Financial Year				
Traffic Services				
Capital Projects	2013/14			
	Budget	Adjustment Budget	Actual Expenditure	Variance



<b>Total</b>	<b>92, 200</b>	<b>88, 368</b>	<b>73, 160</b>	<b>15 208</b>
Replacement Of Office Furniture	60, 000	60, 000	45, 150	14 850
Mini Light Strobe Bar	30, 000	26, 168	26, 168	0
Fridge	2, 200	2, 200	1, 842	358

### 3.17 FIREFIGHTING SERVICES

The objectives of the Firefighting Services (Operations) as contained in the Fire Brigade Services Act, 99 of 1987, as amended are to:

- Prevent the outbreak or spread of fire;
- Fight or extinguish a fire;
- Protect life or property from a fire or other threatening danger;
- Rescue of life or property from a fire or other threatening danger; and
- Perform any other function connected with any of the matters referred above.

Fire Fighting Services Data					
No.	Details	2012/13		2013/14	
		Target	Actual	Target	Actual
1	Total number of fires attended to during the year	60	269	50	252
2	Total number of fatalities	00 (Zero tolerance)	27	00	52
3	Total number of other incidents attended to during the year	94	207	60	159
4	Total number of special services attended to during the year	38	88	42	95
5	Average response time – urban areas	07 mins	10 mins	07 mins	13 mins
6	Average response time – rural areas	20 mins	23 mins	20 mins	27 mins
7	Total number of firefighters employed	24	0	80	07
8	Total number of firefighting equipment/appliances	14	10	16	09
9	Average number of broken equipment	00	03	00	04
10	Total revenue collected on operational calls	R38 725	R38 328	R90 000	R108 549

Performed the following activities during the Community Fire Safety Awareness Campaigns that were undertaken during the period under review (2013/2014):

- 34 x Fire By-Law Enforcement Conducted
- 55 x General Fire Safety Inspections
- 35 x Transport Permit Issued
- 75 x Flammable Liquid Registration
- 71 x Fire Plans attended
- 36 x Occupation Certificate Issued

#### 3.17.1 DISASTER MANAGEMENT

The disaster management function is regulated by the Disaster Management Act, 2002 (Act No. 57 of 2002). The municipality has a Disaster Management Plan that was reviewed and included in the IDP, in terms of Section 26(g) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000).

The following are the three main service delivery key performance areas for disaster management:

#### Service Delivery Key Performance Areas

No	Key Performance Area	Detail	
1	Disaster risk reduction measures implemented in informal settlements	Disaster risk reduction measures were implemented during the period under review. Public education and awareness sessions were conducted in various informal settlements.	Disaster and Environmental Awareness Campaign conducted on 2 -6 June 2014.
		All relevant stakeholders such as: ward councillors, ward committee members and community members attended the sessions.	Disaster Risk Management workshop conducted on the 19 <sup>th</sup> June 2014
		Local communities who experienced emergencies like floods and shack fires were also assisted during the period under review through the provision of emergency accommodation, food parcels and blankets, while waiting for their damaged homes to be repaired	Standardised Relief measures were established for the affected communities during Fire/ floods, winds and storms incidents (Number of food parcels, blankets, mattresses, tents and salvage sheets).
2	Provision of Disaster Management Plan	The municipality is planning to complete the following Disaster Management Plans during the coming financial year: <ul style="list-style-type: none"> <li>• Information and Communication Technology;</li> <li>• Human Settlements; and</li> <li>• Communications and Brand Management</li> </ul>	Disaster Management Plan Level 2
3	Pre-disaster Risk and Emergency Reduction measures implemented.	Pre-disaster risk reduction measures were implemented during the period under review with various organisations and communities that were deemed to be a high risk.	Awareness campaigns and road shows were conducted,

Financial Performance 2013/14 Financial Year Disaster Management					
Details	2012/3	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance
<b>Total Operating Revenue</b>	<b>2, 841, 340</b>	<b>179, 500</b>	<b>335, 711</b>	<b>312, 667</b>	<b>23, 044</b>
<b>Expenditure</b>	<b>26 868 918</b>	<b>21 780 943</b>	<b>21 762 695</b>	<b>22 439 301</b>	<b>(676, 606)</b>
Employees	16 917 794	11 843 594	12 343 594	17 443 082	(5, 099, 488)
Repairs and Maintenance	154, 438	366 218	101 218	88 319	12, 899
Other	9, 796, 686	9 571 131	9 317 883	4 907 900	4, 409, 983
<b>Total Operational Expenditure</b>	<b>26 868 918</b>	<b>21 780 943</b>	<b>21 762 695</b>	<b>22 439 301</b>	<b>676 606</b>
<b>Net Operational Expenditure</b>	<b>24 027 578</b>	<b>21 601 443</b>	<b>21 426 984</b>	<b>22 126 634</b>	<b>(699 650)</b>

Capital Expenditure for the 2013/14 Financial Year Disaster Management R'000				
Capital Projects	2013/14			
	Budget	Adjustment Budget	Actual Expenditure	Deviation from Original Budget
<b>Total</b>				
Portable water pump Marikana	150 000		143,574	6 427
Self contained breathing apparatus	150 000		126, 000	24 000
Mimid teach and view	35 000		26, 043	8 957

Capital Expenditure for the 2013/14 Financial Year				
Disaster Management			R'000	
Capital Projects	2013/14			
	Budget	Adjustment Budget	Actual Expenditure	Deviation from Original Budget
Hot training props	250 000	-250 000		00.00
Multi purpose enclosure system	350 000	-350 000		00.00
Portable master streams	140 000	-19 800	120, 120.00	0.00
Office furniture	100 000	-100 000		00.00
Portable water pump Phatsima	-	0.00	0.00	0.00
Rescue Equipment Sets Phatsima	300 000	-32 731	267, 268	0.00
Rescue Equipment Sets Marikana	300 000	-300 000	-	00.00
Rescue hydraulic generator Phatsima	300 000	-32 732	267, 268	0.00
Rescue hydraulic generator Marikana	300 000	-32 731.00	267, 268	00.76
Water cooler Phatsima	1 000	-1 000	-	00.00
4x 20 000L Overhead tanks Phatsima	300 000	-300 000		00.00
4x 20 000L Overhead tanks Marikana	350 000	-350 000		00.00
Two way communication radio	400 000		378, 508	21 492
Rescue ropes Marikana	25 000	-25 000		00.00
Office furniture Phatsima	83 000	-83 000		0.00
Office furniture Marikana	83 000	-83 000		00.00
Water cooler Marikana	1 000	-1 000		00.00
Mounted Skid Unit Phatsima	300 000	-300 000		00.00
Mounted Skid Unit Marikana	300 000	-300 000		00.00
Portable power generator Phatsima	25 000		22, 632	1 368
Mobile lighting pump Phatsima	650 000	-650 000		00.00
Mobile lighting pump Marikana	650 000	-650 00		00.00
Portable power generator Marikana	25 000		22, 632	2 368
Fire fighting hose Marikana	180 000		179,960	41
Fire fighting hose Phatsima	180 000		179,960	41
Rescue pumper Marikana	1 500 000	1 185 901		314 099
Completion of roof cover Disaster	75 000		46, 937	28 063
Portable Breathing Apparatus Marikana	240 000		240, 000	0.00
Portable Breathing Apparatus Phatsima	200 000	-18 628	181 371	0
Guard House Fire station	60 000	-60 000		00.00
Foldable soundproof glass door	75 000		50 125	24 875
Paving- Marikana fire house - R	130 000	341, 190	130, 000	211 190
UHF 2 Radio communication system - R	344 214	0.00	85, 482	258 732
Construction of Marikana fire house - R	769 004	-216 262	701 408	67 596
Construction of Phatsima fire house - R	314 099		148 666	165 433

## COMMENTS ON PERFORMANCE OF LAW ENFORCEMENT, TRAFFIC, SECURITY, FIRE, DISASTER AND MUNICIPAL COURT

OPERATION	ACHIEVEMENT
<b>Community safety awareness campaigns</b>	<ul style="list-style-type: none"> <li>Community Safety Forum was established in 2011 and is fully functional.</li> </ul>
<b>Stop and register</b>	<ul style="list-style-type: none"> <li>Over 12 000 prosecutions for both traffic and law enforcement contraventions have been made</li> </ul>
<b>Fire Fighting Services</b>	<ul style="list-style-type: none"> <li>Decentralization of the firefighting service where fire stations were established at Marikana and Phatsima</li> </ul>
<b>By-laws, campaigns and projects</b>	<ul style="list-style-type: none"> <li>Crime Prevention through Environmental Design / Safe and Clean City campaign</li> <li>Multi-disciplinary Operations</li> <li>Execution of illegal trading in the CBD and Taxi Rank on daily basis;</li> <li>Enforcement of Impoundment By-Law</li> </ul>

OPERATION	ACHIEVEMENT
	<ul style="list-style-type: none"> <li>• Execution on non-compliance on Fire by-laws</li> <li>• Regulation of point duties on R510 and R24 road on daily basis</li> <li>• Issuing of parking offences in the CBD</li> <li>• Removal of illegal advertisement on municipal land.</li> <li>• Rendering of security and escorts during mayoral outreach visits and VIP'S, International, National and Local events</li> <li>• Enforcement of illegal connection of water and electricity.</li> <li>• Enforcement of illegal dumping by-law</li> <li>• Mine Crime Combating Forum (MCCF)</li> <li>• Municipal Intervention Scheme and Patrols (MISAP) and Community Safety Patrollers Programme</li> <li>• Enforcement of Public Gathering's Act</li> <li>• Inspectors of Licenses at motor vehicle dealerships</li> <li>• Conflict Resolution Committee</li> <li>• Land use by-law enforcement</li> </ul>

## COMPONENT H: SPORT AND RECREATION

### 3.18 SPORTS AND RECREATION

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Two Vodacom teams, namely Impala Warriors and Orbit FET College utilize Olympia Park Stadium. United Football club, a team within National First Division used the Olympia Park Stadium until the end of last season.

There are 5 public swimming pools that are maintained and managed by the municipality. These are Marais street, Middle Street, Zinniaville, Karlienpark and Monakato.

SPORT AND RECREATION OBJECTIVES TAKEN FROM IDP: 2013/14						
Service Objectives	Service Indicators	2012/13		2013/14		
		Target	Actual	Original Target	Adjusted Target	Actual
Implement quality and improved health and social services to Communities	Percentage completion of Rankelenyane/Mabitse sports facility	New KPI	0	25 – R 1 829 386.12	0	<p>20 - Scope of work comprises of the following: construction of boundary wall and installation of 1.8 m high razor diamond-mesh fence around the facility; construction of a combi court, installation of high mast lighting, construction of paved entrance road and gravel parking at a budget of R 3 690 910.74. Site handover was done on the 19th February 2014. Expected date of completion as per project works programme is 19 July 2014.</p> <p>Ø Progress made: existing septic tanks exposing and cleaned; existing irrigation pipelines with sprinklers exposing completed; removal of existing precast concrete wall completed; caretaker facility completed; ticket office completed; storeroom completed.</p> <p>Ø To be completed in the new financial year. Expenditure R1 829 386.12</p>
Implement quality and improved health and social services to Communities	Percentage completion of Tlhabane sports facility	New KPI	0	25 - R4 Million	0	<p>Project on hold - This is a multi-year project that commenced in 2013-2014 for a duration of twelve months and expected to be completed in 2014/2015 financial year. The scope of work comprises of the following: construct boundary wall and install 1.8 m high razor diamond-mesh fence around the facility; construct a combi court, install high mast lighting, construct paved entrance road and gravel parking. The annual target was set against the scope of work.</p> <p><b>Reason/s for non-achievement</b>-Project has not started due to some disgruntled community members disrupting meetings to introduce the contractor. Community members are unhappy about the appointed</p>

						contractor not being from their ward and employment issues. <b>Remedial measures</b> - All meetings arranged between the aggrieved community members, the contractor and RLM to resolve issues and agree on a way forward to kick-start the project have been disrupted. Expenditure = R450'717.18
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### 3.18.1 COMMUNITY FACILITIES

#### INTRODUCTION

Community Facilities include Parks, Cemeteries & Horticultural Services, Sports & Recreations and Civic Centre and Community Halls.

#### CHALLENGES

The following challenges were encountered during the financial year under review:

- The inability to effectively market the available facilities to the community, so that they can be utilised optimally
- Inadequate security personnel at our facilities has resulted in acute vandalism e.g. the ablution block at Olympia Park Stadium which is currently vandalised to a point that there is no evidence that they ever existed.
- Grading rudimentary soccer fields on an on-going basis at various wards.
- The following facilities have also been severely vandalized: Tlhabane sports ground and swimming pool; Bester sports facility; Paardekraal x 2; Meriting sports ground and swimming pool.
- These facilities cost millions of rands for construction and upgrading but there is nothing to show of it.

#### Areas where halls are located

No	Area
1	Tlhabane;
2	Monakato;
3	Phatsima;
4	Marikana;
5	Sunrisepark;
6	B Tause (Lethabong);
7	Rustenburg Old town hall;
8	Meriting;
9	Ben Marais;
10	Zinniaville;
11	WA van Zyl;
12	Makolokwe;
13	Extension 23;
14	Banquet Hall;
15	City hall;
16	Atrium;
17	Boitekong; and

18	Auditorium.
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COMMUNITY FACILITIES OBJECTIVES TAKEN FROM IDP: 2013/14						
Service Objectives	Service Indicators	2012/13		2013/14		
		Target	Actual	Original Target	Adjusted Target	Actual
Implement quality and improved health and social services to Communities	Percentage completion of upgrading of Civic Centre (Purchase of plastic chairs, steel tables, steel banquet chairs and installation of flag poles.)	Jun-13	Not Achieved	100 - R2'000'000	0	46 - Not Achieved - An amount of R 800,000 was carried over to the 2014/2015 financial year for the installation of sound and lightning. <b>Reasons for Non-Achievement</b> - The companies that submitted bids did not meet the required standard. Expenditure = R917 038.00
Accelerated delivery and maintenance of quality basic and essential services to all Communities	Percentage upgrading of municipal airport (Internal Upgrading and Construction of perimeter wall)	New KPI	0	100 = R 3'102'025	0	80 - Internal Upgrade for Rustenburg Airport • The project is 100% complete.  <b>Development of the airport master plan</b> • The master plan has been finalized and awaits Council approval which will be in end July 2014.  <b>Construction of the perimeter wall</b> • The appointed contractor has abandoned the project due to the

COMMUNITY FACILITIES OBJECTIVES TAKEN FROM IDP: 2013/14						
Service Objectives	Service Indicators	2012/13		2013/14		
		Target	Actual	Original Target	Adjusted Target	Actual
						fact that rates on the bill of quantity are not enough for the firm to cover the costs of material and labour. Expenditure R 2'317'947

## COMPONENT I: CORPORATE SUPPORT SERVICES

This component includes: executive offices; strategic planning and regulatory; financial services; human resources; ICT services and property services.

### INTRODUCTION TO CORPORATE SUPPORT SERVICES

Rustenburg Local Municipality has implemented the separation of powers model during the financial year as outlined in section 151(2) of the Constitution of the Republic of South Africa, 1996. The municipal council has therefore, separated the executive from the legislative authority. The main objective of this governance framework is to create independent oversight of the mandate of the effective achievement of the municipal mandate that is clearly outlined by section 152 of the Constitution. The mandate of the municipality is as follows:

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

The separation of power between the executive and legislative arms of the municipality is in line with internationally recognised norms and standards of good governance. It creates an independent oversight of the effective attainment of the municipality's objectives. It further establishes an appropriate level of accountability, representation and participation through the delineation of powers and functions of the council; executive accountability for service delivery and development; and independent and representative oversight by the legislative arm of the municipal council.



### 3.19 EXECUTIVE AND COUNCIL

This component includes the executive offices (Office of the Speaker, Office of the Executive Mayor, Office of the Single Whip, Office of MPAC and Municipal Manager).

#### INTRODUCTION TO EXECUTIVE AND COUNCIL

In terms of chapter 7, section 151 (2) of the Constitution of the Republic of South Africa, 101 of 1996, the executive and legislative authority is vested in its municipal council.

The municipal council of the Rustenburg Local Municipality is established as a municipality with a mayoral executive system which is combined with a ward participatory system in terms of chapter 12 of the Municipal Structures Act, 117 of 1998. Section 152 of the Constitution categorically and clearly spells out the objectives of local government, and the powers and functions of municipalities are determined in section 156 of the Constitution.

DETAIL	2013/14	
	Ordinary Meetings	Special Meetings
Council	10	12

#### Council Committees

The Municipal Council established the following committees in terms of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) for the effective and efficient performance of the Municipal Council's powers and functions:

Section 79 Committees	Section 80 Committees
<ul style="list-style-type: none"> <li>Local Labour Forum;</li> <li>Land Tribunal Management;</li> <li>Municipal Performance Audit Committee;</li> <li>Municipal Public Accounts Committee;</li> <li>Risk Management Committee;</li> <li>Rules Committee; and</li> <li>Ward Delimitation Committee.</li> </ul>	<ul style="list-style-type: none"> <li>Budget and Treasury Office;</li> <li>Community Development;</li> <li>Corporate Support Services;</li> <li>Human Settlements</li> <li>IDP/PMS, Legal and Valuations;</li> <li>Intergovernmental Relations and Traditional Affairs;</li> <li>Local Economic Development;</li> <li>Planning, and Public Transport;</li> <li>Public Safety;</li> <li>Technical and Infrastructure Services</li> </ul>

Financial Performance 2013/14				
Office of the Speaker				
	2013/14			
	Original Budget	Adjustment Budget	Actual	Variance
<b>Total Operational Revenue</b>	<b>(445, 000)</b>	<b>(445, 000)</b>	<b>(445, 000)</b>	<b>0.00</b>
Expenditure	12, 127, 982	12, 682, 982	13 645, 127	(972, 145.21)
Employee related Costs	3, 603, 028	3, 753, 028	5, 110, 231	(1, 357, 203)
Repairs and maintenance	11, 583	11, 583	0	11, 583
Other	8, 513, 371	8, 918, 371	8, 534, 896	383, 475
<b>Total Operational Expenditure</b>	<b>12, 128</b>	<b>12, 682, 982</b>	<b>13, 645, 127</b>	<b>( 972, 145)</b>
<b>Operational Expenditure</b>	<b>12, 127, 982</b>	<b>12, 682, 982</b>	<b>13, 645, 127</b>	<b>( 972, 145)</b>
<b>Net Operational Expenditure</b>	<b>11, 682, 982</b>	<b>12, 237, 982.</b>	<b>13, 200, 127</b>	<b>(972, 145.21)</b>
The Net expenditure to be consistent with the summary .....in Chapter 5.				

### **3.20 STRATEGIC PLANING AND REGULATORY**

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In today's organisational environment, budget oriented planning or forecast methods are insufficient for the organisation to prosper. There is a need to engage in strategic planning that clearly defines objectives and assessors bot the internal and external situation to formulate strategy, evaluate progress and make judgements as necessary to stay on track.

Strategic plans therefore identify strategically important outcomes-orientated goals and objectives against which the municipality's medium-term results can be measured and evaluated by various identified stakeholders. Annual performance plans identify the performance indicators and targets that the institution will seek to achieve in the upcoming budget year. This performance information is important for effective management, including planning, budgeting, implementation, reporting monitoring and evaluation.

As a component of its strategic plan, annual performance plan or IDP the municipality must adopt, monitor and evaluate startegies that describe the approach the municipality os to follow to create and operate monitoring and evalation systems which will produce credible, acurate information on an on-going basis that gets used to improve service delivery and governance.

#### **INTRODUCTION TO STRATEGIC PLANNING AND REGULATORY**

##### **INTEGRATED DEVELOPMENT PLANNING**

The process of reviewing the IDP is followed in terms of the requirements of chapter five (5) of the Local Government: Municipal Systems Act, 2000. It is coordinated and facilitated with all directorates and stakeholders to ensure that the Reviewed IDP is approved on time by the council. The municipality is currently using the review process to ensure that the IDP moves beyond focusing on outputs and becomes more outcomes and results oriented. The change in focus will assist the directorates to begin to measure the impact of their programmes and change the implementation of their respective plans to deliver better services to local communities.

##### **PERFORMANCE MANAGEMENT**

The role of the Organisational Performance Management Unit is outlined in chapter six of the Local Government: Municipal Systems Act, 2000. The unit coordinates the process of performance reporting on Service Delivery and Budget Implementation Plan (SDBIP). It further, coordinates the quarterly, mid-year reviews and compilation of the annual report.

The municipality had a negative finding on Pre-determined objectives because of the quality of the key performance indicators (KPIs); in terms of SMARTness. The majority of the KPIs were not specific, measurable or realistic. These were revised during the mid-year review.

One of the main projects of the unit for the next financial year is to align the Performance Plans of all section 57 managers to the General KPIs that are prescribed by the minister responsible for local government through the Local Government: Municipal Planning and Performance Management Regulations, 2001. The second project will be to design data definition sheets for all KPIs to encourage common understanding of the KPIs by all stakeholders.

### 3.20.1 INTERNAL AUDIT UNIT

The Internal Audit Unit performs internal audit reviews to evaluate the adequacy and effectiveness of the controls put in place by management, based on the strategic operational plan that is risk-based and approved by the Performance Audit Committee, as well as internal audit reviews of the results of performance measures of the municipality.

The unit also performs forensic reviews as a result of allegations reported through in terms of the municipality's fraud and corruption processes, and special requests from the municipal council, Performance Audit Committee and or management. The internal audit of the municipality renders the following services:

- Financial Auditing
- Risk Management Auditing
- Sustainability Auditing
- Performance Management Auditing
- Governance Auditing
- Performance Auditing (value for money)

The following services due to its nature are out-sourced

- Forensic and investigations
- Information System Auditing

The scope of work of the unit, as outlined in the approved Audit Charter, comprises of the following activities:

- Preparation of a three-year strategic rolling internal audit plan, including an annual internal audit coverage plan. These plans are always submitted to the Performance Audit Committee for approval;
- Review the adequacy and effectiveness of internal control systems;
- Review the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
- Review the systems established to ensure compliance with policies, plans, procedures, laws and regulations that could have a significant impact on its operations and reports, and determining whether the municipality complies with these stipulations and frameworks;
- Review operations or programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned;
- Review means of safeguarding the municipality's assets and, as appropriate, verify the existence of such assets; and
- Review and appraise the economy and efficiency with which resources are allocated and managed.

The unit planned 9 (nine) internal audit reviews for the year under in accordance with the approved Internal Audit Plan, and 12 (twelve) performed. These include 3 (three) reviews on the results of performance measures implemented by management. A total number of 3 (three) reviews were planned for the period under review and nothing was outstanding at year end. There were 6 (six) advisory notes issued during the financial year.

Financial Performance 2013/14		
Internal Audit		R'000
	2012/13	2013/14

	Actual	Original Budget	Adjustment Budget	Actual	Variance
<b>Total Operational Revenue</b>	0	0	0	0	0
Expenditure	<b>3 868 147</b>	<b>4 298 982</b>	<b>3 731 791</b>	<b>3 419 018</b>	<b>312 775</b>
Employee related Costs	998 020	1 326 883	2 202 270	2 158 431	43 839
Repairs and maintenance	0	30 000	(30 000)	0	(30 000)
Other	2 870 127	2 942 099	1 559 523	1 260 587	298 936
<b>Total Operational Expenditure</b>	<b>3 868 147</b>	<b>4 298 982</b>	<b>3 731 791</b>	<b>3 419 018</b>	<b>312 775</b>
<b>Operational Expenditure</b>	<b>3 868 147</b>	<b>4 298 982</b>	<b>3 731 791</b>	<b>3 419 018</b>	<b>312 775</b>
<b>Net Operational Expenditure</b>	<b>(3 868 147)</b>	<b>(4 298 982)</b>	<b>(3 731 791)</b>	<b>(3 419 018)</b>	<b>(312 775)</b>
The Net expenditure to be consistent with the summary .....in Chapter 5.					

### 3.21 FINANCIAL SERVICES (INCLUDING SUPPLY CHAIN MANAGEMENT)

#### INTRODUCTION

The Directorate of Budget and Treasury is responsible for the provision of effective and transparent financial service in an accountable manner. The directorate has the following units:

Budget and Financial Management;

- Expenditure;
- Financial Control;
- Revenue;
- Supply Chain Management

Rustenburg Local Municipality has pledged to implement the Preferential Procurement Act, 2005 through the municipality's Procurement Policy that was approved by council per Item No 122 dated 28 May 2013 as a strategy to stimulate and grow the local economy. Procurement from local companies during the financial year under review, accounted for 100% of all services that were procured. PPPA refers to local companies as the companies within South Africa which have a local content Product. In this case, the RLM has awarded the bids to all the companies that are within South Africa.

According to the stipulations of the Local Government: Municipal Finance Management Act, 2003 payments to creditors must be made within thirty (30) days of receipt.

The annual target that was set for collecting what was due to the municipality was **88%**. The following table presents quarterly collection performance statistics for the year under review:

#### Revenue Collection against Billed Amount

No	Period	Amount Billed	Amount Collected	%
1	July – Sept '13	691, 391, 557.91	465, 555, 373.38	64.24%
2	Oct – Dec '13	536, 518,215.56	300,333,337.74	55.98%

3	Jan – Mar '14	558,012,670.33	279,799,129.83	50.14%
4	Apr – Jun '14	786,089,386.94	222,236,520.90	28.27%
<b>ANNUAL TOTAL</b>		<b>2,572,011,830.74</b>	<b>1,267,924,361.85</b>	<b>49.30</b>

Refer to MFMA, Circular no. 71 for the calculation of the ratio. Collection rate formula is:-

(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written Off)/Billed Revenue x 100

### Insurance Statistics

A total number of 122 insurance claims, valued at R39, 330, 763.73 were submitted during the financial year under review. Of these claims, sixty two (62), valued at R628, 514.11 were settled. Seventeen (17) claims amounting to R466, 453.04 were repudiated.

The following table presents details of insurance claims that were lodged:

### Details of Insurance Claims

No	Claims category	Directorate	Number of claims submitted	Rand Value
1	Buildings/ Vandalised	DCD- Sports	1	R118,382.56
2	Computer/ Theft	All	16	R187,476.32
3	Fire/Accident	DPHS	3	R4,681,491.97
4	Fleet / Accidents	All	52	R782,397..60
5	Theft/Burglary	DCD	2	R2,903.20
6	Public Liability	All	49	R33,558,112.08
			<b>122</b>	<b>R39,330,763.73</b>

### Summary of Key Capital Projects Implemented

Electricity Reticulation = R170m

Water Reservoirs and reticulation = R138m

Sanitation = R38m

Refuse new dumping sites = R93m

PTIS = R768m: (RRT)

Roads and storm water = R122m

### General key performance indicators: Financial Viability Ratios

No	General Key Performance Indicator	Progress Made	
Financial viability as expressed by the following ratios:			
10(b)	The percentage of households earning less than R1 100 per month with access to free basic services	RLM indigent policy allows a maximum of R3, 500.00 per month not R1, 100.00.	
10(g)	Debt coverage: (Overdraft + Current Finance Lease Obligation + Noncurrent Finance Lease Obligation + Short Term Borrowings + Long term	13.0%	
		Total Debt	290,935,826
		Total Operating Revenue	2,314,146,113

	borrowing) / (Total Operating Revenue - Operational Conditional Grants) x 100	Operational Conditional Grants	
	Outstanding service debtors to revenue;		22.0%
		Service Debtors	457,844,270.00
			52,405,940.00
		Total Operating Revenue	2,314,146,113.00
	Cost coverage: (Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets)	Months	(0.234)
		Cash and cash equivalents	425,799,118
		Unspent Conditional Grants	478,213,904
		Overdraft	-
		Total Annual Operational Expenditure	2,688,890,288

Financial Performance 2013/14					
Budget and Treasury				R'000	
	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance
Total Operational Revenue	3,128,489,358	2,795,592,927	3,159,702,040	3,400,744,513	-241,042,473
Expenditure	2,970,043,953	2,773,723,579	3,597,280,574	3,095,623,046	501,657,528
Employee related Costs	438,995,255	466,205,313	484,176,510	505,222,730	- 210,462,220
Repairs and maintenance	157,711,240	161,125,939	149,028,345	157,239,057	-8,210,712
Other	2,373,337,458	2,146,392,327	2,964,075,719	2,433,161,258	
Total Operational Expenditure	2,970,043,953	2,773,723,579	3,597,280,574	3,095,623,046	501,657,528
Operational Expenditure	2,970,043,953	2,773,723,579	3,597,280,574	3,095,623,046	501,657,528
Net Operational Expenditure	2,970,043,953	2,773,723,579	3,597,280,574	3,095,623,046	-132,457,067
The Net expenditure to be consistent with the summary .....in Chapter 5.					

### 3.22 HUMAN RESOURCE SERVICES

#### INTRODUCTION TO HUMAN RESOURCE SERVICES

The unit provides human capital strategies, advisory and support services to the municipality. It is composed of the following sections in order for it to be effective:

Acquisitions and Maintenance

Employee Relations; - Organisational Development, Employee Wellness

Training and Development.

Section 1: Acquisitions and Maintenance	The core function of this section is to ensure optimal human resources management value chain, through effective strategic planning, implementation and alignment of organisational strategy and individual employee performance agreements.
Section 2: Employee Relations	<p>The section manages matters of disciplinary nature, disputes and grievances within the municipality. One of the key functional areas of the section is to facilitate or coordinate the speedy and amicable resolution of disputes or grievances and disciplinary matters.</p> <p>It is also responsible for collective bargaining, conflict management, and cordial interpersonal relations.</p> <p>The responsibility for organisational development is also performed by this section.</p> <p>It is responsible for individual employee performance, thereby increasing productivity, profitability and work satisfaction that should contribute to optimum and sustainable service delivery processes within the municipality.</p> <p>The section furthermore ensures the maintenance of a healthy and safe work environment.</p> <p>It provides employee wellness services, such as employee assistance, occupational health services and education.</p>
Section 3: Training and Development.	The section employee capability management services in terms of the identification of training needs, development and implementation of the workplace skills plan and the management of financial assistance programme for capacity building and training purposes.

### **Employment Statistics:**

A total number of 306 employees employed through the facilitation of recruitment process for vacancies for which provision was made in the organisational budget for the financial year under review.

The vacancy rate as at 30 June 2014 was 30.0%.

### **Performance:**

The Evaluation Panel did not recommend payment of performance bonuses to any employee appointed in terms of section 56 of the Local Government: Municipal Systems Act, 2000 during the financial year under review. None of the senior managers achieved the minimum threshold score of 130% performance.

### **Leave days:**

The leave register indicates that a total number of fourteen thousand five hundred (14 500) work days were taken by municipal employees during the period under review.

### **Employee wellness:**

Employee wellness services and educational programmes, such as EAP and OHS, etc were provided to a total number of one thousand two hundred and eight (1 208) employees during the financial year.

The following support services were rendered to municipal employees:

Employee Assistance Interventions 49 cases

Occupational Health Services 288 cases and

Wellness Educational Programmes 1 208 cases.

### **Statistical Information**

No	Detail	Total Number
1	Disciplinary cases: Handled	54
	Disciplinary cases: Finalised	46
	Disciplinary cases: Outstanding	18
2	Suspensions	6
3	Dismissals	6
	Grievances: Handled	46

4	Grievances: Finalised	14
	Grievances: Outstanding	22
5	Number of employees: Trained	690
	Number of Employee Bursaries awarded	30
	Recognition of Prior Learning	0
6	Learnerships for municipal employees implemented	0
7	Learnerships for communities implemented	0

Financial Performance 2013/14					
Human Resources & Development R'000					
	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance
<b>Total Operational Revenue</b>	<b>2 140 290</b>	<b>1 503 490</b>	<b>1 523 490</b>	<b>310 301</b>	<b>1 213 189</b>
Expenditure	20 087 908	18 449 169	17 699 169	17 195 125	504 044
Employee related Costs	9 168 812	10 364 271	10 364 271	9 941 262	423 009
Repairs and maintenance	0	0	0	0	0
Other	10 919 096	8 084 898	7 334 898	7 253 863	81 035
<b>Total Operational Expenditure</b>	<b>20 087 908</b>	<b>18 449 169</b>	<b>17 699 169</b>	<b>17 195 125</b>	<b>504 044</b>
<b>Operational Expenditure</b>	<b>20 087 908</b>	<b>18 449 169</b>	<b>17 699 169</b>	<b>17 195 125</b>	<b>504 044</b>
<b>Net Operational Expenditure</b>	<b>(17 947 618)</b>	<b>(16 945 679)</b>	<b>(16 175 679)</b>	<b>(16 884 824)</b>	<b>709 145</b>
The Net expenditure to be consistent with the summary .....in Chapter 5.					

Capital Expenditure for the 2013/14 Financial Year				
Human Resources Management & Development R'000				
Capital Projects	2013/14			
	Budget	Adjustment Budget	Actual Expenditure	Deviation from Original Budget
<b>Bar fridge</b>	<b>1 650</b>	<b>0</b>	<b>1315</b>	<b>335</b>
Single bucket trolley	1 054	0	570	484
Office desk	23 267	0	15 030	8 237
21 bay triple bulk flier	120 000	0	87 187	32 813
Vacuum cleaner	9000	0	5 964	3 036
Office chairs and filling cabinet	13 050	0	10 584	2 466

### COMMENTS ON THE OVERALL PERFORMANCE OF HUMAN RESOURCES

For the previous financial year the Council managed to appoint 205 new employees and 2 Section 57 and 99 promotions.

The total is 306 appointments during 2013/14 financial year.

36 Internal transfers to different Directorates after Clinic Services were taken to the Province.

### 3.23 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The contents of the website are continuously updated by a dedicated webmaster. The information posted on the website is contained in notices, articles and stories by the Department of



Communications in the Office of the Executive Mayor; and bid documents (tenders), quotations contracts from the Supply Chain Management Unit (Procurement).

The Directorate of Corporate Support Services through the human resource management unit also places external advertisements of vacant positions that need to be filled by qualified, skilled and competent applicants, on the website. Other documents such as policies, by-laws, Executive Mayor's speeches, performance agreements of senior managers, and the municipality's quarterly organisational performance results are also posted on the website. These documents are published as a mechanism of communicating with the general public. This is one of the objects of local government, which is to provide a democratic and accountable government for local communities.

The following table presents a record of the Information & Communication Technology financial performance in terms of operational budget:

Financial Performance 2013/14 Information & Communication Technology R'000					
	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance
<b>Total Operational Revenue</b>	<b>33 772</b>	<b>39 237</b>	<b>39 237</b>	<b>32 566</b>	<b>6 671</b>
<b>Expenditure</b>	<b>25 411 809</b>	<b>23 017 092</b>	<b>25 267 000</b>	<b>24 048 022</b>	<b>1 218 978</b>
Employee related Costs	4 086 194	5 253 345	5 353 345	4 595 300	758 045
Repairs and maintenance	2 314 642	2 840 000	4 256 995	4 137 695	119 300
Other	19 010 973	14 923 747	15 656 660	15 315 208	341 380
<b>Total Operational Expenditure</b>	<b>25 411 809</b>	<b>23 017 092</b>	<b>25 267 000</b>	<b>24 048 022</b>	<b>1 218 978</b>
<b>Net Operational Expenditure</b>	<b>25 378 037</b>	<b>22 977 855</b>	<b>25 227 763</b>	<b>24 015 456</b>	<b>1 212 308</b>
The Net expenditure to be consistent with the summary .....in Chapter 5.					

## COMMENT ON THE PERFORMANCE OF ICT SERVICES

Municipality got the latest servers including Windows 2012 server environment completely virtualized

Migration of key systems into virtual environment

Disaster recovery site at Fire Department

Replication of all servers at main site

10GBps link between two sites

One of the most modern infrastructures in the country

RLM implemented a high end server solution with Virtualization features to host specialized solutions.

This also included disaster recovery capability which gives resilience to critical municipal applications

RLM deployed a server that has consolidated shares for both departments and users. This presented a centralized location of where files can be kept.

Access to these files is restricted to authorized personnel therefore accommodating security against hacking (intrusion) and data loss through negligence or malicious intent.

Implementation of Fortigate Firewall

The centralization of data gave RLM an opportunity to backup critical business data and also replicates this data to an offsite location so as to ensure business continuity.

The PayDay application was running on legacy equipment and was successfully migrated on to the new infrastructure. This alleviated the need to upgrade a proprietary hardware

Implementation of Exchange

The municipality decided to implement an Active Directory system

Wireless network authentication integrated to Active Directory allowing sign on using Windows credentials

Call Centre upgraded and commissioned

Call Centre agents trained to use the system

Major focus to wean RCCs from current unreliable connectivity CRM, DMS and Audit Software

The Master Systems Plan identified the key systems that need to be deployed in order for the municipality to attain its objective of becoming a world class city.

### 3.24 LEGAL AND VALUATION SERVICES

#### INTRODUCTION

The main objective of the Legal and Valuation Unit is to provide the municipality with effective legal advisory services as well as valuation outcomes that are grounded on sound principles of good corporate governance. This Unit assists the municipality to comply with all the relevant legislation in order to reduce legal costs and or reduce unnecessary litigation against the municipality. The following legal support service is provided throughout the municipality:

- Litigation services;
- Legal advisory services;
- Labour Law services ;
- Bylaw services ;
- Integrated Contract Management services; and
- Valuation services.

There is a serious need to inculcate a culture of legal compliance across the municipality if the unit is supposed to achieve its objectives, which requires a spirit of cooperation and managerial leadership throughout the municipality.

<b>Compliance</b>	The Council has recently approved the review of the Manual on Promotion of Access to Information (PAIA). Prior to the approval by the Council, Municipal Manager and Directors were taken on board during MANCO about the application of this legislation and as result numbers of inputs were received from the Directors in order to be incorporated in the review document. With the assistance of MANCO, the Unit has been able to review the Delegation of Powers Framework as required by legislation. The latter could not be approved by the Municipality because of .the restructuring process that is taking place within the municipality because the latter exercise has the effect of making changes to the Organisational Structure.						
<b>Contract Management</b>	Legal Services Unit provides support services in this regard, which include rendering advice on the rights and responsibilities of the parties, evaluation, monitoring, breach, and termination or cancellation of the contract.						
<b>Service Level Agreements</b>	Unit Legal and Valuation is also giving advice in terms of the requirements of section 116 of Municipal Finance Management Act, 2003.						
<b>Litigation</b>	<p>The Unit: Legal and Valuation deals with internal and external litigation. Internal Litigation refers to prosecuting or chairing of serious disciplinary hearings as well as representing the Municipality before the CCMA, Bargaining Council and other Tribunals.</p> <p>Externally the Municipality through the Unit Legal and Valuation have appointed a panel of Attorneys to represent the Municipality in all the courts of law. During the period under review the Unit: Legal dealt with total number of 49 cases. The cases are as follow:</p> <table><tr><th>INFORMATION</th><th>2013/14</th></tr><tr><td>Cases against Council</td><td>22</td></tr><tr><td>Cases for Council</td><td>27</td></tr></table>	INFORMATION	2013/14	Cases against Council	22	Cases for Council	27
INFORMATION	2013/14						
Cases against Council	22						
Cases for Council	27						
<b>Legal opinions or comments</b>	The unit on continuous basis is providing legal opinions or comments to either the Council, Committees of the Council and the Municipality. This legal opinion assists the Municipality to comply with legislation. Apart from the written legal opinions that we are providing, the unit also provides verbal legal advices or opinions on daily basis.						
<b>Valuation Services</b>	Valuation in this instance may take two forms i.e. Adhoc and Valuation in terms of the Municipal property Act. The purpose for the former valuation is to determine the market value of the municipal property to be disposed or leased.						

	<p>In this regard the Unit: Legal and Valuation assists Directorates in the facilitation for the appointment of professional valuers as well as to provide all the information to the Valuer.</p> <p>With regard to valuation in terms of the Municipal Property Act, the Municipality has already appointed a municipal valuer who is responsible for the compilation of the valuation roll as well as the supplementary roll.</p> <p>In terms of the case law on Macsand matter that was before the Supreme Court of Appeal, the Unit Legal and valuation has advised the Valuer to conduct valuation on all the mining properties in order to enhance our revenue.</p> <p>Previously the mines were evaluated on the value of agricultural land and not on the type of business that they are running.</p>
<b>By Law Services</b>	<p>The Unit: Legal and Valuation is also assisting the Municipality in discharging its legislative obligation. In that regard, the unit has been developing and reviewing by laws for purpose of enforcement by Law Enforcement Unit as well as other Units.</p> <p>During the period under review, the unit managed to develop 5 by laws that were approved by the Council. A total number of 4 bylaws have been reviewed and three new by laws have been drafted. The Office of the Speaker is responsible for the process of public participation.</p> <p>The Unit has already provided training to the officials of the Office of the Speaker as well as the Law Enforcement Officers. As a result of number of request that the unit has received pertaining to interpretation and application of the bylaws, the unit has contemplating on providing briefing sessions to all the officials who enforcing the by-laws during the middle of the month of September 2014.</p>

<b>Financial Performance 2013/14</b> <b>Legal Services</b>					
R'000					
	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance
<b>Total Operational Revenue</b>	69 647	20 400	20 400	12 338	8 062
Expenditure	14 845 156	14 648 335	14 186 335	15976 378	-1 790 043
Employee related Costs	2 683 307	2 982 841	2 982 841	3 459 911	-477 070
Repairs and maintenance					
Other	12 161 849	11 665 494	11 203 494	12516 467	-1 312 973
<b>Total Operational Expenditure</b>	14 845 156	14 648 335	14 186 335	15976 378	-1 790 043
<b>Operational Expenditure</b>	<b>14 845 156</b>	<b>14 648 335</b>	<b>14 186 335</b>	<b>15976 378</b>	<b>-1 790 043</b>
<b>Net Operational Expenditure</b>	<b>14 775 509</b>	<b>14 627 935</b>	<b>14 165 935</b>	<b>15 964 040</b>	<b>-1 798 105</b>
The Net expenditure to be consistent with the summary .....in Chapter 5.					

## COMMENT ON THE PERFORMANCE OF LEGAL SERVICES

The following main activities were conducted during the period under review:

The development of a Contract Management Framework even though the manual processing of data continued while we are waiting for the procurement of an integrated electronic system by the IT Unit. The instruction by the National Treasury that IT systems should only be purchased with their approval has led to the delay in the procurement of the municipality's ICT system.

A contract management policy has been approved by the Council. The purpose of this policy is to ensure that the contracts are managed throughout the contract life cycle as well as to centralise contract management. The challenge that presently we are encountering is the procurement of the software on contract management. The IT Unit has been provided with the specification pertaining to the software. Further it will also be a requirement that the appointed service provider should provide necessary training to all the users.

Instituted / defended legal actions: The unit enforced contracts / negotiated settlements emanating from such contracts; and

The drafting and vetting of contracts that are received, which is a continuous process that ensures that the interests of the municipality are always protected.

A total number of 10 Legal firms have been appointed. The Unit: Legal and Valuation is working together with the Attorneys for purpose of enhancing the revenue of the Municipality.

### 3.25 COMMUNICATIONS AND BRAND MANAGEMENT

The Unit serves in the Information and Communication Technology Steering Committee that was established during the year under review to ensure that information is effectively disseminated. To ensure that this dissemination is realised, the Communications Policy and Strategy was reviewed during the period under review and a final draft is to serve before Council in the new financial year.

The Rustenburg Local Municipality convened the annual media conference on Wednesday, 23 April 2014 at the Rustenburg Civic Centre with the strategic objective to improving relations between media and the municipality. The conference was a huge success with the local and national media represented.

#### COMMENTS ON THE PERFORMANCE OF THE COMMUNICATIONS

<b>PROGRAMMES</b>	The municipality once more continued with the “Collect-a-shoe Campaign”, which aims to collect shoes for distribution to underprivileged school children. The campaign; since its inception in 2011, collected eight thousand pairs (8 000) in 2012, six thousand (6 000) pairs in 2013, and three thousand (3000) pairs in 2014, all from business and individuals. Close-up report for 2013 was submitted to Council for noting and records. The Rustenburg Local Municipality collaborates with Platinum Stars Football Club, as a strategic partner to market both institutions for the sake of local economic development. Two national trophies of the club were paraded and presented to the Executive Mayor end of 2013 season.
<b>MEANS OF COMMUNICATIONS</b>	One of the tools the municipality is using for communication purposes is the municipal website
<b>PUBLICATIONS</b>	External newsletter: the Unit started the bi-monthly publication in April 2014, and distributes it to external stakeholders of the Municipality. The name of the publication is Kgatelepele Newsletter. The objective is to inform residents and business alike about developments in the Municipality. Staff newsletter: the Unit started the monthly publication in April 2014 and distributes it to staff. The name of the publication is RLM Gazette. The objective is to inform staff about news and events happening within the Municipality.
<b>PUBLICITY</b>	Publicity of the flagship projects: the Unit has ensured publicity in the media of the following flagship projects: handing over of community residential units at Meriting in March 2014, sod turning ceremony for the building of community residential units at Marikana Extension 2, and the ongoing construction of the Rustenburg Rapid Transport (RRT) project. The following strategic community participation projects were extensively publicised throughout the period: Community Outreach Program of the Executive Mayor,

	<p>Annual Mayoral izimbizo, Annual Budget Speech, State of the City Address, Mandela Week activities.</p> <p>Council Resolutions are continuously posted on the municipality's website as soon as they have been adopted.</p> <p>Both internal and external stakeholders of municipality are allowed to access and read these resolutions as a means of improving the quality of the municipality's public participation process.</p>
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### 3.26 MONITORING AND EVALUATION UNIT

The following were achieved for the year under review:

RLM awarded best level 2 accreditation, received first prize trophy on the 16<sup>th</sup> April 2014 in Phokeng during the Govan Mbeki Awards ceremony.

Technical Financial Management Committee (TFMC): established on the 15<sup>th</sup> April 2014. Terms of Reference developed and Committee is operational.

Contract management: project summary sheet method established to ensure effective contract management.

Alignment Matrix and Performance Reporting Template: developed to address AG's findings.

Call Centre: survey conducted in respect of overwhelming complaints received in 2013. Report finalised 23 May 2014.

Rustenburg City Training Academy: accreditation process underway. Sponsors from Canada acquired.

Projects summary sheet: developed to ensure physical verification of projects.

Upon development of the Municipal Performance Assessment Tool, the DPME in consultation with the Department of Local Government and Traditional Affairs (DLGTA) identified seven municipalities as pilot sites in the North West Province. Rustenburg Local Municipality was identified as one of the seven municipalities. The Unit co-ordinated the process. The purpose of the tool was to:

1. Provided holistic integrated information on the institutional performance of municipalities against key indicators to enable strategic leadership over the local government sector.
2. To provide for a comprehensive and robust evidence base for providing tailored support and/or intervention measures to municipalities in a coordinated and differentiated manner.
3. Guide national and provincial departments by means of the performance information obtained through the assessments to enable them to better support municipalities in identified areas of underperformance.

Statistical Synopsis Customer Care Centre: concept document served before MANCO was approved by Council.

### 3.27 SPECIAL PROJECTS

The following were achieved for the year under review:

Road Accident Fund Task Team: the Section participated in the Task Team to facilitate the consequences of the Zinniaville railway accident wherein four learners were killed after the mini bus they were travelling in was hit by train. The municipality helped to identify families of the deceased learners with the view to doing needs analysis and organized courtesy visits by Executive Mayor and Minister of Transport.

Mayoral bursary scheme payments: facilitated payments of first and second year students studying towards engineering field, commerce, accounting and public administration in the past year, attending at North West University (Potch and Mafikeng campuses), Wits and University of Pretoria. To date, twenty-eight (28) students have been financed by the municipality to the rand value of about R 250 000, 00.

Rape and substance abuse awareness campaign: Section collaborated with SAPS and gave talks to schools around the area.

Youth Policy: draft completed. Final draft to be served before Council in the next financial year.

Sporting Portugal FC: collaborated with the club in the interest of youth development. Vacant sport grounds are being explored to avail field to the project. The football club is based at Selly Park, Rustenburg. The collaboration is about identifying talented young footballers around Rustenburg and subsequently developing such talent to its full potential by sending them to professional football clubs.

District AIDS Council: Section served in the Council to pursue Municipal program on HIV and AIDS.

Mandela Month: developed fully fledged month program for the Municipality and executed by political principals and staff during the month of July 2013.

### 3.28 INTERGOVERNMENTAL RELATIONS (IGR)

The following were achieved for the year under review:

Multi stakeholders Forum: the forum was sustained through plenary sessions and meetings in the past year after being started with the objective to review IDP, SDBIP and Budget.

Presidential inauguration: Unit participated by helping to mobilise stakeholders to attend event at Union buildings in Pretoria.

The unit engaged the City of Tshwane Metropolitan Municipality in a stakeholder management benchmarking exercise on Friday, 23 May 2014. The main objective of the exercise was to improve the quality and processes of Rustenburg Local Municipality's stakeholder engagement.

A Draft IGR Policy was completed during the financial year under review and it will serve before Council for approval during the next financial year.

A significant and historic signing of the memorandum of understanding was facilitated in the past year, namely; between the municipality and Bakubung Ba-Mathope Tribal Authority in Mathopetstad with the objective to integrate planning and development in the interest of people of Mathopetstad.

### 3.29 CUSTOMER RELATIONS MANAGEMENT

#### INTRODUCTION

The municipality has adopted a service delivery model that takes services closer to the community through the establishment of the Rustenburg Community Centres at certain remote areas, such as Freedom Park, Lethabong, Marikana, Phatsima and Tlhabane. These centres serve as "one-stop-shops" for community members who cannot afford to travel to the main municipal office that is located in Rustenburg. They help to reduce the community frustration of been unable to find immediate interventions or solutions to their service delivery challenges.

The main customer care centre is located in the Disaster Management Centre, where a twenty four (24) hour call centre is operated.

Financial Performance 2013/14 Customer Relations Management R'000					
	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance
<b>Total Operational Revenue</b>	7650	12 493	12 493	6 800	5 693
Expenditure	5 211 348	6 008 687	6 264 687	6 529 226	-264 539
Employee related Costs	4 892 457	5 521 980	5 507 980	6 217 137	-709 157
Repairs and maintenance	0	43 294	43 294	0	43 294

Other	318 891	443 413	713 413	312 089	401 324
<b>Total Operational Expenditure</b>	5 211 348	6 008 687	6 264 687	6 529 226	-264 539
<b>Operational Expenditure</b>	5 211 348	6 008 687	6 264 687	6 529 226	-264 539
<b>Net Operational Expenditure</b>	5 211 348	6 008 687	6 264 687	6 529 226	-264 539
The Net expenditure to be consistent with the summary .....in <b>Chapter 5</b> .					

Capital Expenditure for the 2013/14 Financial Year Customer Relations Management R'000				
Capital Projects	2013/14			
	Budget	Adjustment Budget	Actual Expenditure	Deviation from Original Budget
<b>Total</b>				
High Back Chair Revolving Chairs X2	2 000	2 000	1 752	248
X3 RCC Furniture	21 882	14 949	0	0
X4 Filling Cabinets	16 000	14 301	0	0
Visitors Chair	10 000	0	0	0
Palisade Fencing	250 000	218 750	179 057	39 693
Parking Shelter	150 000	150 000	149 668	332
Pavement	250 000	0	0	0
X9 Bar Fridges	31 500	31500	12 331	19 269
Water Coolers X6 RCC	26 000	26 000	25 257	743

### 3.30 PROJECT MANAGEMENT OFFICE

#### INTRODUCTION

The Project Management Unit (PMU) was established specifically to address challenges experienced by the municipality in terms of the implementation of capital projects. These challenges include the slow turnaround time to implement capital projects, low and poor quality of the expenditure. The main function of the unit is to guide, manage and evaluate the municipality's performance on project implementation.

The PMU operates at strategic level with the directors to provide the municipality with organisation-wide support on governance, project portfolio management best practice, mentoring, tools, and methodologies and standardised processes. It ensures strategic alignment between directorates' objectives and projects implemented.

Financial Performance 2013/14 Project Management Unit R'000					
	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance
Total Operational Revenue		5,824,930	5,824,930		
Expenditure					
Employee related Costs					
Salaries		2,638,724	0	2,529,604	109,120
Bonuses		204,230	0	222,400	-18,170
Performance bonus		52,139	0	0	52,139
Travelling allowance		484,320	0	476,361	7,959
Housing subsidy		9,928.00	0	7,648	2,280
Telephone/Cellphone allowance		4,492	0	3,850	642
Industrial council		698	0	730	-32.25
Pension fund		539,168	0	532,792	6,376
Group Insurance		5,472	0	5,538	-66
Medical Aid contribution		123,500	0	147,602	-24,102
Unemployment Insurance fund		143,358	0	40,749	102,609



Office machines(repairs & maintenance)		3,875	0	0	3,875
Consultant :PMU assistance		267,750	1,100,000	1,354,311	13,439
Advertising/Printing/Stationery		1,131,733	-1,061,850	65,870	4,013
Awareness campaign		3,575	0	0	3,575
Materials & stocks		3,575	0	0	3,575
Skills levy		28,886	0	31,089	-2,203
Depreciation		9,888	28,650	36,737	1,801
Travelling & subsistence allowance		59,585	54,000	69,220	44,364
Workshop and training		166,839	-79,000	18,453	69,386
Safety Clothing		6,075	0	0	6,075
Vehicles repairs & maintenance		88,452	170,000	132,992	125,460
Computers		29,651	0	29,651	0
Computer software		19,649	0	19,649	0
Office Furniture		115,375	0	115,375	0
Other					
<b>Total Operational Expenditure</b>		<b>6,140,937</b>	<b>211,800</b>	<b>5,675,947</b>	<b>273,359</b>
<b>Operational Expenditure</b>		<b>6,140,937.00</b>	<b>211,800.00</b>	<b>5,675,946</b>	<b>273,359</b>
<b>Net Operational Expenditure</b>		<b>-316,007</b>			
The Net expenditure to be consistent with the summary .....in Chapter 5.					

Capital Expenditure for the 2013/14 Financial Year Project Management Unit R'000				
Capital Projects	2013/14			
	Budget	Adjustment Budget	Actual Expenditure	Variance
<b>Total</b>	<b>193,007,871</b>	<b>-49,481,975</b>	<b>173,335,541</b>	<b>69,654,600</b>
Bethanie,Modikwe & Berseba, water reticulation & yard taps phase 2	0	20,948,368	15,523,708	5,424,660 <b>26.0%</b>
Phatsima Ext 2 yard connection & reticulation	1,615,000	0	0	1,615,000 <b>100%</b>
Installation of Ikemeleng yard connection	3,000,000	1,063,880	1,827,432	(763 552) <b>(72.0%)</b>
Meriting roads & stormwater-ward 18	12,000,000.	0	10,747,364	1,252,636
Boitekong roads & stormwater-ward 19	8,000,000	0	6,538,413	1,461,587
Boitekong roads & stormwater-ward 21	8,000,000	-2,000,000	4,945,555	1,054,445
Boitekong roads & stormwater-ward 22	8,000,000	0	5,362,704	2,637,296
Monakato roads & stormwater-ward 25	5,000,000	0	1,513,661	3,486,339
Lethabong roads & stormwater-ward 27	5,000,000	-500, 000	972,362	3,527,638
Lethabong roads & stormwater-ward 28	5,000,000	-4,000,000	866,813	133,187
Construction of Rustenburg Ext 26 roads & stormwater drainage	2,000,000	0	2,000,000	0
Ikemeleng bulk roads construction phase 3	8,000,000	0	4,792,809	3,207,191
Tsitsing roads & stormwater drainage	11,909,880		10,234,086	1,675,794
Freedom Park roads & stormwater drainage	12,000,000		2,569,047	9,430,953
Marikana roads & stormwater drainage	12,000,000		1,989,164	10,010,836
Rustenburg-old Traffic Office,Taxi Rank-destination Boitekong	8,871,025		6,310,947	2,560,078
Lethabong waste transfer station	500,000	-265,371	77,975	156 604
Marikana waste transfer station	6,000,000	-3,983,619	398,344	1 618 037
Phokeng waste transfer station	500,000	-119,507	117,566	262 927
Waterval, regional waste disposal facility phase 2	45,458,190	23,757,274	69,215,464	0
Lethabong ward 27 & 28 internal sewer reticulation & toilet structure phase 3	7,000,000	5,372,716	5,514,275	6,858,441

Capital Expenditure for the 2013/14 Financial Year Project Management Unit R'000				
Capital Projects	2013/14			
	Budget	Adjustment Budget	Actual Expenditure	Variance
Marikana VIP toilets	2,553,776		2,549,539	4,237
Macharora VIP toilets	10,000,000.00		5,783,303.21	4,216,697
Rustenburg WWTW & Boitekong WWTW – link line		6,000,000	6,000,000	0
Rustenburg Hawkers Stalls – Max Bornman Area	3,000,000	3,208,234	5,204,908	1,003,623
Development of Rankelenyane/Mabitse sports facility	4,100,000	0	1,829,386	2,270,614
Development of Tlhabane sports complex	4,000,000	0	450,717	3,549,283

### COMMENT ON PERFORMANCE OF PMU

- Project management capacity to manage municipal-wide projects;
- Number of projects aligned to the strategic goals of the municipality; and
- Functionality of the municipality's project management system.

### 3.31 ORGANISATIONAL STRATEGY & PLANNING

#### INTRODUCTION

The Strategy and Planning Unit is responsible for the following key performance areas:

- Research and Development;
- Growth and Development Strategy (City Development Strategy);
- Integrated Development Planning; and
- Organisational Performance Management

#### Research and Development

The research and development function is still underdeveloped and has not been effectively performed in the municipality due to capacity constraints. However, the function will be performed during the next financial year, after the unit has been properly resourced and capacitated.

#### Municipal Growth and Development Planning

The City Development Strategy (CDS) was formulated and approved by council per Item No 360 dated 26 September 2006. The purpose of the CDS was to ensure that the municipality has a long term Strategy Implementation Programme (SIP) that aims to achieve the following goals:

- Act as a medium-term strategic and expenditure framework of the municipality;
- Guide the content and direction of the IDP process and other strategic planning processes of the municipality;
- Guide the content and direction of municipal spatial development framework (SDF); and
- Guide the content and direction of the municipal long-term Funding Strategy.

The adoption and approval of the National Development Plan (NDP) during November, 2012, necessitated a need to review the Rustenburg Local Municipality's City Development Strategy to ensure alignment between the two planning documents and seamless planning throughout the three spheres of government.

### Integrated Development Planning

The process of reviewing the IDP is followed in terms of the requirements of chapter five (5) of the Local Government: Municipal Systems Act, 2000. It is coordinated and facilitated with all directorates and stakeholders to ensure that the Reviewed IDP is approved on time by the council. The municipality is currently using the review process to ensure that the IDP moves beyond focusing on outputs and becomes more outcomes and results oriented. The change in focus will assist the directorates to begin to measure the impact of their programmes and change the implementation of their respective plans to deliver better services to local communities.

### Organisational Performance Management



The role of the Organisational Performance Management Unit is outlined in chapter six of the Local Government: Municipal Systems Act, 2000. The unit coordinates the process of performance reporting on Service Delivery and Budget Implementation Plan (SDBIP). It further, coordinates the quarterly, mid-year reviews and compilation of the annual report.


The municipality had a negative finding on Pre-determined objectives because of the quality of the key performance indicators (KPIs); in terms of SMARTness. The majority of the KPIs were not specific, measurable or realistic. These were revised during the mid-year review.



Financial Performance 2013/14					
Strategy and Planning			R'000		
	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance
Total Operational Revenue	0	0	0	0	0
Expenditure	0	3316360	0	2451066	865294
Employee related Costs	0	1785835	0	956944	828891
Repairs and maintenance	0	0	0	0	0
Other	0	1530525	0	1494122	36403
Total Operational Expenditure	0	3316360	0	2451066	865294
Operational Expenditure	0	3316360	0	2451066	865294
Net Operational Expenditure	0	3316360	0	2451066	865294
The Net expenditure to be consistent with the summary .....in Chapter 5.					




## **National Key Performance Indicators**

**BASIC SERVICE DELIVERY**

WATER SERVICES		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
Accelerated delivery and maintenance of quality basic and essential services to all Communities	Date of completion of refurbishment of reservoir – Tlhabane West reservoir and pumpstation	1	0,71	June 2014- Actual budget was R3m	Completed December 2013. Actual expenditure R3,552,165.55			
Improved service delivery through provision of high quality, reliable and cost effective infrastructure based on integrated spatial planning	Number of pump stations constructed	1	0	1 – Budget R578,894.00	1 – Project was completed on 21 January 2014. The available funds are savings that were realized.			





WATER SERVICES		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
Improved service delivery through provision of high quality, reliable and cost effective infrastructure based on integrated spatial planning	Number of 10kl water tanks installed - Informal settlements- Installation of 10kl tanks	34	34	34 Areas	34 - The project was completed and the tanks were delivered on the 31 July 2014 Areas where 10 Kl tanks were installed are: Mshongoville, Chachalaza, Boshhoek, Lekgalong, Bethanie East, Stormhuis, Skierlik (Marikana), Nkaneng, Phuane, Freedom Park, Bonolo Farm, Modderfontein, Bethanie West, Modikwe, Barseba Lulandsville (Bethanie), Benny, Group 5, Braampie, Zakhele, Ikemeleng new stands, Sywerbult and Dinnie Estate. R645,627.69 – 99% spend.			



WATER SERVICES		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
Improved service delivery through provision of high quality, reliable and cost effective infrastructure based on integrated spatial planning	Percentage completion of the rural development water projects	8 areas	Appointment of Contractor	100% (Budget R 31'625'807)	58% - Areas identified were: Lekgalong-upgrading of water supply and yard connections- Maumong- installation of water supply and yard connections - Rankelenyane, Lekojaneng- Completion of water supply- Bethanie, Modikwe, Barseba- Reservoir- Makolokwe water supply- Ikemeleng water supply- Boschdal water supply Expenditure R 159'907'23.52		The delay on the progress of the project was caused by the delay in supply of material from Sebetsa Trading (Pty) Ltd, due to strike by NUMSA. The contract budget was reduced and the contract was requested to stop the works on the steel tank. The project was never implemented due to delays in the approval from Department of Environmental Affairs.	The project duration has been revised and the funds were rolled over to the following financial year  The contract budget was reduced and the contract was requested to stop the works on the steel tank.  The project was never implemented due to delays in the approval from Department of Environmental Affairs.
Drive good governance and legislative compliance in all municipal processes	Date of approval by Council of a Water Master Plan	New KPI	N/A	June 2014 R52 000	Not Achieved		Insufficient funds	There are negotiations with a donor currently ongoing and there is no need for the Municipality to fund.




SANITATION SERVICES		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
Improved service delivery through provision of high quality, reliable and cost effective infrastructure based on integrated spatial planning	Number of Km of sewer pipeline constructed in Lethabong Ward 27 & 28 Internal sewer reticulation	200	1,2	9.8- Actual budget was R3m	8km - Expenditure R5,514,275.36		The delay was attributed to the volume of rock encountered and the difficulty of blasting in between the existing structures and recent rainfalls.	The Contract period was reviewed and it is anticipated to be 100% complete by August 2014.
	Number of VIP toilets constructed in Marikana	600	153	410 R 2,553,776.00	410 - The project was completed on the 18 March 2014. Expenditure R 2,549,538.90			
	Number of households connected to sewer line (Monnakat Ext4- Installation of outfall sewer line and	600	560	515 R999 867.00	515 - The project was completed on the 04 July 2014. Expenditure R 841,330.33			





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ELECTRICAL SERVICES		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
Accelerated delivery and maintenance of quality basic and essential services to all Communities	Number of substations upgraded (Upgrading / refurbishment of 33 kV substation)	1	0	1 - R 99,325,000.00	0 - Expenditure R13,078,292.34		Directorate is still awaiting a connection from Eskom.	This is a multi-year project and it is expected to be finalized by December 2015.
Improved service delivery through provision of high quality, reliable and cost effective infrastructure based on integrated spatial planning	Number of substations constructed - (Motor city 33/11 kV substation building and equipment)	1	0	1 - R18, 458,456.00	This is a multi-year project and it is expected to be finalized by December 2015. Directorate is still awaiting a connection from Eskom. Expenditure = R 67 062.57		Directorate is still awaiting a connection from Eskom.	This is a multi-year project and it is expected to be finalized by December 2015.
Accelerated delivery and maintenance of quality basic and essential services to all Communities	Percentage maintenance of electrical network	100%	75%	100% = R15'541'072.00	99% - The following maintenance was done: Substation tripping units; HV metering equipment; HV testing equipment; Network maintenance = Expenditure: R 15'518'370.43			
Improved service delivery through provision of high quality, reliable and cost effective infrastructure based on integrated spatial planning	Number of electrical pre-paid vending equipment installed	New KPI	N/A	4 (R549,762.00)	4 - Target achieved - Expenditure: R549, 762.00			




ELECTRICAL SERVICES		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
Improved service delivery through provision of high quality, reliable and cost effective infrastructure based on integrated spatial planning	% Electrical bulk line connected (Ikemeleng)	100%	10%	100% = R 4'110'575	The project is currently 65% complete. = Expenditure R 2,931,720.4		The Contractor is under financial administration.	The matter was handed over to the Legal and Valuation unit.
Accelerated delivery and maintenance of quality basic and essential services to all Communities	Upgrading of power factor correction equipment upgraded	New KPI	0	1 - R1'500'000	1 - Target fully achieved. Expenditure = R 1'444' 073.00			

WASTE MANAGEMENT		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
Efficient provision of quality basic services and infrastructure within a well-planned spatial structure	Number of waste bins delivered (Street litter- and Skip Bins)	New KPI	0	414 - R 930 000	410 - Expenditure: R 694'659.14		The 4 skip bins could not be purchased due to the introduction of cost containment measures.	That provision be made in the next financial cycle
Explore and implement alternative eco-friendly and conservation interventions to preserve the environment	Percentage completion of Waterval Landfill Site and Waterval, Regional waste disposal facility Phase	25%	25%	100%	95% - The overall progress of the project is at 95%. Expenditure: R 95'922'379.77		There was a delay in mobilizing the contractor due to insufficient funds.	Additional funding was availed during the budget adjustment and the project is anticipated to be completed by the end of August 2014.
Explore and implement alternative eco-friendly and conservation interventions to preserve the environment	Percentage households with access to basic level of weekly solid waste removal (Refuse removal-Marikana (1,252 households); Refuse removal CBD (38,000 households); Refuse	86510 households	86510 households	100% - R 4'970'510	100% - Total of 40,644 households have been reached and are being serviced on a monthly basis. Expenditure = R 3'452'405.59			


WASTE MANAGEMENT		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
	removal-Olifantsnek (3000 households) ;Refuse removal RDPs (30891 households)							
Drive good governance and legislative compliance in all municipal processes	Date of approval by Council of an Integrated Waste Management Strategy for RLM	New KPI	0	June 2014-R 75 000.00	June 2014 - Target Not Achieved. Expenditure = R 572 862.00		The master plan could not be finalized due to cost containment measures.	The funds were made available on the 2014/15 budget and it is anticipated that the master plan is to be finalized during the 1st quarter.


ROADS AND STORMWATER		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
Improved public transport infrastructure	Number of km of new roads and stormwater drainage systems constructed in the following areas: Roads and storm-water- wards 23; Roads and storm-water – ward 26; Boitekong - Roads and storm-water; Monnakato- Roads and storm-water; Lethabong – Roads and Storm water- Ward 27 &28; Boitekong Ext 8- Roads and Storm water; Ikemeleng storm-water drainage construction; Lethabong ext Roads and storm-water	59,5	32	19.5km R 41'254'014.86	28.5 - The Contract period was reviewed and it is anticipated to be 100% complete by August 2014. Expenditure = R 37'946'737.96			


ROADS AND STORMWATER		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
Improved public transport infrastructure	Number of Km of roads and stormwater drainage systems maintained (Roads and Rural areas (200km); Storm water drainage(25K m); Streets(12Km ))	237	237	237Km - R 37'203'000	237Km - Maintenance is being done on an on-going basis. Re-graveling & Grading of roads as per maintenance plan. Expenditure = R 37'115'813.51			
Improved public transport infrastructure	Percentage funds spent on road links from Boitekong	New KPI	0	100 = R 495 900.00	100 - The project has been completed. A saving of 49% was realized. Expenditure = R254 811.00			
Implement integrated community safety and security strategy and measures	Percentage funds spent on upgrading of pedestrian walkways in Monnakato	New KPI	0	100 - R 1 574 810	91 - The project has been finalized and is 100% complete. Expenditure = R 1 433 467			

CEMETERIES		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
Implement quality and improved health and social services to Communities	Percentage construction of ablution block at Bethanie cemetery	New KPI	0	100 - R 350 000	100 - Site handover was done on 06/09/2013. Expenditure: R171 588.00			
Implement quality and improved health and social services to Communities	Percentage construction of ablution block at Lethabong cemetery	New KPI	0	100 - R475'00.00	100 - Site Handover was done on 06/09/2013. Expenditure: R513 269.10			
Implement quality and improved health and social services to Communities	Number of boreholes drilled at Marikana and Rietvlei cemeteries	New KPI	0	2 - R200'000.00	2 - Drilling of water boreholes has been completed. Expenditure: R198 140.00			








PARKS		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
Implement quality and improved health and social services to Communities	Percentage completion of upgrading of Paul Bodenste in Park (Phase II)	New KPI	0	100 - R3million	100 - Clear and grab completed, cleaning of ponds/dams completed, irrigation system installed, demolition of old braai areas done, demolition of old thatch roofs done, new thatch roofs completed, construction of new ablution blocks . completed, new braai areas completed, new grass has been planted and new paved walkways completed. - Target achieved and handed over on 17th January 2014. Expenditure: R2 962 847.95			


PARKS		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
Implement quality and improved health and social services to Communities	Percentage completion of park in Tlhabane – Phase 2	Phase I	Completed	100 - R3 800 000.00	100 - Construction of ablution facilities, guardhouse and braai areas as well as landscaping and main water connection and all have been completed as per SDBIP. Ø Project completed on the 23 October 2013. Expenditure = R3 787 648.89			



FIRE AND DISASTER		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
Implement integrated community safety and security strategy and measures	Number of multi disciplinary and in-house operations for crime fighting and prevention	40	40	40	349 - Evidence of 349 operations has been included and it is not including warrant operations which are carried out on daily basis to maximize the collection of revenue. Safe and Clean City campaigns take place every Friday and			


					Community Policing Forum programmes.			
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LICENSING AND TESTING		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
Drive good governance and legislative compliance in all municipal processes	Date of Operationalisation of licensing in Charora.	New KPI	0	Jun 2014	Oct 2013 - The licensing office in Charora was fully operational from October 2013.			
Drive good governance and legislative compliance in all municipal processes	Percentage completion of the Marikana Licensing and Testing office	New KPI	0	100 - R955 000.79	95 - The building is 95% complete. Furniture, cubicles, paving and public toilets are still outstanding.  Expenditure = R950 000		The project is delayed due to exhausted funds contributed by the municipality.	Request funding from the mining houses and the provincial government to complete the project.
Drive good governance and legislative compliance in all municipal processes	Date of Operationalisation of the Learner's Testing class in Robega.	New KPI	0	Jun-14	Jun 2014 - Inspection was already conducted by the Department of Transport. The class is ready for operation.			
Drive good governance and legislative compliance in all municipal processes	Number of high schools enrolled for learner licenses	30	30	30	35 - Thirty Five (35) schools have been registered for this project.			
Drive good governance and legislative compliance in all municipal processes	Number of reports on computerization of learners license class	12	12	12	12 - Reports submitted			


	system tabled to Council							
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TRAFFIC, SECURITY AND MUNICIPAL COURT		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
Implement integrated community safety and security strategy and measures	Date of completion of the layout / building plans for the Expansion of CCTV Surveillance Room	New KPI	0	4	Appointment of Service Provider - The Contractor was appointed on 29 October 2013 at an amount of R7 299 050.00. The available budget was only R1 000 000.00. Design for lay-out plan has been completed. The project is on hold due to lack of money.		Inadequate funding (R1 000 000.00) and R261 000.00 has already been spent, the balance was R739 000.00.	An adjustment of R6 299 050.00 to be done during adjustment budget in 2015. Expenditure R261 000.00

TRAFFIC, SECURITY AND MUNICIPAL COURT		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
	Number of reports on the implementation of Municipal Intervention Scheme and Patrols (MISAP)	New KPI	4	4	32 - Achieved. Thirty two (32) reports have been submitted. This programme has just been started in November 2013. It serves as an environmental scanner and identifies potential risks, as well as perceptual and actual risks with an intention to intervene and coordinate relevant stakeholders to intervene.			
	Number of Peace and Stability Programmes conducted	4	4	4	28 - A Conflict Resolution Committee was established in October 2011 to address the concerns of the community. The objectives of this committee are to maintain stability, peace and social cohesion; ensure that the rule of law prevail and create a platform for dialogue. Twenty Eight (28) programmes were			


TRAFFIC, SECURITY AND MUNICIPAL COURT		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
					undertaken during the financial year.			
Implement integrated community safety and security strategy and measures	Percentage implementation of Integrated Communication Centre	4	100	100	100 - The crisis centre and call centre are fully operational.			


SPORTS AND RECREATION		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
Implement quality and improved health and social services to Communities	Percentage completion of Rankelenya ne/ Mabitse sports facility	New KPI	0	25 - R1 829 386.12	20 - Scope of work comprises of the following: construction of boundary wall and installation of 1.8 m high razor diamond-mesh fence around the facility; construction of a combi court, installation of high mast lighting, construction of paved entrance road and gravel parking at a budget of R 3 690 910.74. Site handover was done on the 19th February 2014. Expected date of completion as per project works programme is 19 July 2014. Ø Progress made: existing septic tanks exposing and cleaned; existing irrigation pipelines with sprinklers exposing completed; removal of existing precast concrete wall completed;		The contractor indicated cash flow restrictions and was unable to pay ESKOM connection	The contractor is to expedite and source funding for projects cash flow to ensure the project is completed as stipulated in the service level agreement. It is also expected of the contractor to submit extension of time.



SPORTS AND RECREATION		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
					caretaker facility completed; ticket office completed; storeroom completed. Ø To be completed in the new financial year. Expenditure R1 829 386.12			
Implement quality and improved health and social services to Communities	Percentage completion of Tlhabane sports facility	New KPI	0	25 - R4 Million	Project on hold - This is a multi-year project that commenced in 2013-2014 for a duration of twelve months and expected to be completed in 2014/2015 financial year. The scope of work comprises of the following: construct boundary wall and install 1.8 m high razor diamond-mesh fence around the facility; construct a combi court, install high mast lighting, construct paved entrance road and		The project has not started due to some disgruntled community members disrupting meetings to introduce the contractor to the community. Community members are unhappy about the appointed contractor not being from their ward and employment issues.	All meetings arranged between the aggrieved community members, the contractor and RLM to resolve issues and agree on a way forward to kick start the project have been disrupted.





SPORTS AND RECREATION		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
					gravel parking. The annual target was set against the scope of work.			


COMMUNITY FACILITIES		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
Implement quality and improved health and social services to Communities	Percentage completion of upgrading of Civic Centre (Purchase of plastic chairs, steel tables, steel banquet chairs and installation of flag poles.)	Jun-13	Not Achieved	100 - R2'000'000	46 - Not Achieved  - An amount of R 800,000 was carried over to the 2014/2015 financial year for the installation of sound and lightning.  Expenditure = R917 038.00		The companies that submitted bids did not meet the required standard.	Funding for 2014/15 has been secured. Tender was re-advertised in August 2014 and appointment of service providers who specialise in sound and lights will be ensured.

Accelerated delivery and maintenance of quality basic and essential services to all Communities	Percentage upgrading of municipal airport (Internal Upgrading and Construction of perimeter wall)	New KPI	0	100 = R 3'102'025	80 - Internal Upgrading completed.  • Perimeter wall incomplete  Expenditure R 2'317'947		Construction of the perimeter wall The appointed contractor has abandoned the project due to the fact that rates on the bill of quantity are not enough for the firm to cover the costs of material and labour.	Development of the airport master plan: The master plan has been finalized and awaits the Council's approval which will be in end August 2014.
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ENVIRONMENTAL MANAGEMENT SERVICES		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
Explore and implement alternative eco-friendly and conservation interventions to preserve the environment	Percentage funds spent on acquisition of tyre shredder	New KPI	0	100 - R800 000.00	93 - The project was completed during the 3rd quarter; the shredder with the conveyor belt was delivered to RLM-Waste Management on the 17th January 2014. Expenditure R742 000			
Implement integrated community safety and security strategy and measures	Percentage funds spent on replacement of the CO analyser	New KPI	0	100 - R 300 000.00	97 - The project was completed during the 2nd quarter. Delivery of a new SM200 s/w plus pump and spares at Boitekong station was on the 04/10/2013. Expenditure R292 000.00			


ENVIRONMENTAL MANAGEMENT SERVICES		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
Implement quality and improved health and social services to Communities	Number of environmental education and awareness campaigns conducted	4	4	4 - R 389 505	5 - Five (5) environmental education campaigns were conducted: <ul style="list-style-type: none"> <li>• Kick-starting Eco-Schools and World Wetlands Day</li> <li>• Recycling and Greening Projects for the Eco-Clubs within the RLM communities.</li> <li>• ECO club workshop conducted at HF Tlou Secondary mainly to resuscitate the schools environmental club on the 24 April 2014.</li> <li>• Award ceremony for the 14 RLM Eco Programme schools held at Selly Park Primary on the 14 May 2014</li> <li>• Commemoration of the Rustenburg Environment Week from the 2nd to the 6th June 2014</li> </ul> Expenditure - R389 505			

ENVIRONMENTAL MANAGEMENT SERVICES		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
Implement an integrated by-law enforcement programme	Monthly reports on impact of air quality monitoring program on environment	12	12	12 - R436 568	12 - - January 2014 – The analysis of data from the RLM stations showed that the stations had good collection efficiency after validation except for Reatile: Data recovery for Boitekong was 98.24 %, Marikana 93.03% and Reatile 64.32% - February 2014 – Data recovery after validation was 77.66% : Boitekong was 94.42 %, Marikana 67.46% and Reatile 94.42% Expenditure - R409 568			


HUMAN SETTLEMENTS		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
Improved service delivery through provision of high quality, reliable and cost effective infrastructure based on integrated spatial planning	Quarterly progress reports on facilitation of housing development	4	4	4	<p>4 - Dinie Estates Beneficiary Allocation The housing Provision unit embarked on a housing need assessment on the farms located on Ward 36. Various plots on the farms were target for audit purposes, those that had backyard dwellers and those with no formal structures. - Stand allocation completed</p> <p>Relocation of yizo yizo - Relocation plan and Social facilitation has been completed. - Allocation for block A &amp; B completed - Pegging of stands in Seraleng in progress - Contractor for installation of VIP toilets in Seraleng appointed</p> <p>Bokamoso Housing</p>			

HUMAN SETTLEMENTS		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
					Development - Development of Bokamoso at planning phase with progress registered as follows; Land - Transfer and registration of land to be completed in February 2014 EIA – Anglo to appoint consultants by week ending 13 December 2013. Duration of EIA investigation is to take +-5months Town Planning – Site layout and traffic assessment study completed Geo-Tech – Geotech completed Bulk Sewer – Option analysis done by RPM. Out sewer designs completed Electricity – RLM to communicate and confirm with Eskom Roads – Designs done as per RLM guide. A short fall of R20.4m to be experienced when 45mm asphalt to be used Marikana Housing			


HUMAN SETTLEMENTS		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
					Development  - 50 hectares of land donated by Lonmin - Contractors appointed for 292 BNG housing and 252 Social housing			
Drive good governance and legislative compliance in all municipal processes	Date of finalization of Accreditation Implementation Protocol	Mar-13	Mar-13	Mar-14	Draft Implementation Protocol - Not Achieved		Implementation Protocol not finalized because of unclear roles and responsibilities of Municipality and the Province	Accreditation task team consultative meeting held on 11 February 2014 and concluded that; <ul style="list-style-type: none"> <li>• Housing Account be transferred to the Province with all liabilities</li> <li>• Municipality to implement housing project as of 2014/15 financial year, with start up of 97 housing subsidies</li> <li>• Department to provide Municipality with specification for call of proposal for housing development</li> <li>• Department to provide Municipality a letter of commitment for housing subsidies to be implemented</li> <li>• Department to incorporate the resolution of the meeting in the implementation protocol.</li> </ul>


HUMAN SETTLEMENTS		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
Drive good governance and legislative compliance in all municipal processes	Quarterly progress reports in the development of a social housing entity for RLM tabled before Council	New KPI	0	4	3 _ Not Achieved		<ul style="list-style-type: none"> <li>Item submitted to Planning Portfolio seating on 10 July 2014</li> <li>Meeting with the Province was held on 24 October 2013, whereby the service provider was introduced to the Province and the Identified land for Social housing was presented.</li> </ul>	<ul style="list-style-type: none"> <li>A request was made to the Service provider to start preparing business plans for Social housing development that will be submitted to Province and SHRA.</li> </ul>





HUMAN SETTLEMENTS		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
Improved service delivery through provision of high quality, reliable and cost effective infrastructure based on integrated spatial planning	Percentage of funds spent on land acquisition (Seraleng and Seraleng Extension; Portion 84 of the farm Paardekraal)	New KPI	0	100% - R 6'000'000.00	<p>70% - Not Achieved</p> <ul style="list-style-type: none"> <li>The 300 stands purchased from Xstrata was finalized and registered in the Pretoria Deeds Office on the 21st August 2013. The Title Deed T63869/13 was received.</li> <li>On the 06 December 2013 Council resolved that the allocation made in respect of development of rental stock at Boitekong Extension 16, an amount of R33 000 000 be availed for the acquisition of land for the Special Economic Zone; Portions 1, 8, 9 and 10 of the Farm Waterval 3-6 JQ from Moneliesche Boerdery Trading. An offer of R25 601 580 was made and accepted by the Municipality. The remaining funds</li> </ul>		During budget adjustment R33m was taken away and the transactions could not be finalised.	An addendum to the main Sale Agreement in respect of the land for the SEZ was then signed with a commitment to finance the transaction in the new financial year 2014/15


HUMAN SETTLEMENTS		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
					<p>from this provision were then re-directed to funding the shortfall on the acquisition of Portion 84 of the Farm Paardekraal 279 JQ at R2 800 000.00; and additionally funding the acquisition of the Township Boitekong Extension 11 also from Glencore (Xstrata) at R4 806 966.60</p> <ul style="list-style-type: none"> <li>During budget adjustment, the R33 million was taken away and the transactions could not be finalized. An addendum to the main Sale Agreement in respect of the land for the SEZ was then signed with a commitment to finance the transaction in the new financial year 2014/15.</li> </ul> <p>Expenditure: R 6'218'000.00</p>			

HUMAN SETTLEMENTS		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
Implement sound and sustainable financial management and compliance controls	Date of disposal of excess immovable capital assets for land trust fund	Jun-14	Jun-14	June 2014 -	<p>June 2014 - During the financial year 2013/ 14 the following auctions dates were scheduled and carried out:</p> <ul style="list-style-type: none"> <li>• 25th September 2013, where only one (1) stand was sold for R450 000 (four hundred and fifty thousand rand).</li> <li>• 19th October 2013; where only nine (9) stands were sold and the expected income was R3 920 000 (three million, nine hundred and twenty million).</li> <li>• Saturdays 09th &amp; 23rd November 2013 and 07th December 2013, no new offers were received.</li> <li>• 07th June 2014 only 4 (four) stands were sold and the expected income was R1 485 000.00</li> </ul>			



RRT		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
Improved public transport infrastructure	Percentage construction of the North West Corridor	90	93	100 - R 851 908 000.00	<p>100 - The contract started on the 18 June 2013, the completion date was 20th November 2013. The Contractor was afforded an extension of time to the 28th February 2014. A Works Completion inspection was scheduled for the 4th April 2014.</p> <p>Practical Completion was achieved on the 26th February 2014, 2 days before the date of the intended PC date (28th February 2014). Expenditure = R 527 273 404.00</p>			

RRT		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
Improved public transport infrastructure	Percentage construction of the North East Corridor	New KPI	0	60	<p>58 - The project consists of Contracts A B &amp; C.</p> <p>The overall progress on the 3 sites are as follows:</p> <ul style="list-style-type: none"> <li>Contract A-73%</li> <li>Contract B-57%</li> <li>Contract C-44%</li> </ul> <p>The average progress of the three contracts is at 58%. This shows a - 2%.</p> <p>The expenditure to date on the 3 contracts is as follows:</p> <ul style="list-style-type: none"> <li>Contract A-R102 210 049.74/R 118 226 516.32</li> <li>Contract B- R 151 434 449.85/R261 840 967.66</li> <li>Contract C-R 212 977 119.43/R 300 985 939.97</li> </ul> <p>Total=R 466 621 619.02/R 681 053 423.95x100=69%</p>		<p>Contract A is on schedule</p> <p>Contract B is behind schedule by 7 weeks. They have increased resources on site, as at this stage they cannot accelerate the rate of progress. At this stage, it is envisaged that they will request for extension of time, prior to the contractual completion date.</p> <p>Contract C there has been delays with the roll out of the bridge infrastructure because a WUL approval has not been issued, which is in effect causing the delay in the overall progress on site-this has been escalated to the Director of Grant Monitoring at National Department of Transport, also the same matter escalated to the SIP 7 coordinator at</p>	<p>Contract B-the Contractor in April 2014 was requested to see whether they could accelerate. With the complexity of the contract (bridges), they could only bring in additional resources. It must be noted that under the contract entered into by the Municipality and Umso (SAICE GCC 2010), should the stipulated completion date not be met, clauses related to delays and claims will be applied.</p> <p>Contract C-the Water Use License (WUL) approval has been received. Work has commenced at the bridges.</p>


RRT		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
							PRASA. Attached proof of such letters	
Improved public transport infrastructure	Date of Completion of the Detailed Design Report (other stations)	New KPI	0	Jun 2014	0 -		At the beginning of the 4th quarter, we the bid RLM/MM/0212/2013/14 served at the bid specification committee, was advertised and the tender closed on the 13th of June 2014. At this point the bid is being evaluated and the outcome of the contractor to be appointed will be known in the first quarter of the Financial year 2014/15.	The contractor to be on site in September 2014.


RRT		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
Improved public transport infrastructure	Date of completion Phase 1 Depots a) Procurement of Design Consultants b) Design	New KPI	0	Jun 2014	Jun 2014 - Reasons for non-achievement		The reason that this tender was advertised late was because we needed legal inputs on the matter (cancellation of previous tender). This was granted only on the 8th of April 2014. This KPI is for the procurement of professional services of architects as lead consultants for the design of RRT Phase 1 depots. In the 3rd quarter, the tender served at bid specification committee, it was advertised on the 17 of April 2014 and the advert closed on the 11th of June 2014.	The tender evaluation report is at Bid Evaluation Committee and no further delays are envisaged.

## LOCAL ECONOMIC DEVELOPMENT

LOCAL ECONOMIC DEVELOPMENT		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
Build and support broad-based black economic empowerment and sustainable Small, Medium and Micro Enterprises (SMMEs) business development	% Completion of Rustenburg Hawkers Stalls at Taxi Rank Area	100	100	100 - R5 696 809.14	55 - - Start date was January 2014 and completion date on the 06/08/2014; - The 39 stalls were erected and electrical conduits installed. Eating and wash area complete. Expenditure = R743 612.60		<ul style="list-style-type: none"> <li>• Delay on relocation of the Hawkers but the contractor has now moved to the remaining section of the phase.</li> <li>• Shortage of materials due to cash flow problems</li> </ul>	There are regular meetings held with PMU and service providers on the implementation of this project. The contractor is working extended hours to try and complete on time.
Build and support broad-based black economic empowerment and sustainable Small, Medium and Micro Enterprises (SMMEs) business development	Percentage of bids awarded to companies with BBBEE content in line with the municipality's Preferential Procurement Policy	80	80	80	93 - 1st Quarter – three reports were submitted to the MM and then Council (July to September 2014 ) 2nd Quarter – three reports were submitted to MM and quarterly report was submitted to council in January 2014 – October to December 2013 3rd Quarter - three reports were submitted to MM and then quarterly report was submitted to Council in April 2014. The three reports for the quarter are for January 2014 to March 2014. 4th Quarter - Three			





LOCAL ECONOMIC DEVELOPMENT		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
					reports for the fourth quarter were submitted to the MM's office and quarterly report presented to council.			
Build and support broad-based black economic empowerment and sustainable Small, Medium and Micro Enterprises (SMMEs) business development	Number of jobs created through municipality's local economic development initiatives including capital projects	3000	2762	3000	3281 : EPWP 732 LED – Construction of Hawkers Stalls 59 DPHS 305 DTIS Roads and Stormwater 405 RRT 80 CWP 1700			

LOCAL ECONOMIC DEVELOPMENT		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
Build and support broad-based black economic empowerment and sustainable Small, Medium and Micro Enterprises (SMMEs) business development	Rand value of linkages on SMME Procurement facilitated with big business.	R2.9bn	-	R200 Million	R100 Million -Not Achieved  <ul style="list-style-type: none"> <li>• R 22 million Branding Contract has been awarded to Brand Leadership &amp; Kgokagano (local company)</li> <li>• R 15 million International Music &amp; Lifestyle Festival tender has been awarded to Keiko &amp; TTT JV</li> <li>• R 2 million contract on Mining Summit has been awarded to Utho Capital</li> <li>• R 5 750 000 contract for renovation of Visitor Information Center has been awarded to Mogaki Civils</li> <li>• R 5 696 809.14 contract has been awarded to Thuso Construction for renovation of hawker stalls at Max Bornman Triangular Area (Taxi Rank)</li> <li>• R 5 million contract has been awarded to Naledia Group for</li> </ul>		<p>The strikes at the mines have made it difficult to continue interaction with various mines. We have only been in a position to get a report from Impala and Glencore. We have however also been engaging with Lonmin, Acquarius and We Sizwe who also participated at our recently held Mining Summit.</p> <p>Several factors have contributed towards mining companies procuring from local companies. They include:</p> <ul style="list-style-type: none"> <li>- Ongoing interactions with the mines and SMMEs that require support to supply to the mines</li> <li>- The recent mining summit held</li> </ul>	<p>Interaction with Anglo American and Samancor to discuss amongst other things, two farming projects as part of their SLP projects, one in Phatsima (to be funded by Anglo) and the other in Ikemeleng (to be funded by Samancor)</p> <p>There is a procurement workshop with Samancor to be facilitated by Shanduka Black Umbrella on the 11th of September 2014, where we will gain more insight into their procurement processes. Anglo on the other hand is planning to sell off Rustenburg assets, so this still makes it difficult to access the much needed information. Most of the local mines' SLP's are coming to an end in 2015 and we will therefore be engaging with them regularly regarding inputs into their new SLP's. The Mining &amp; Industrial Coordinator is currently engaging with various mines to set dates for continuous interaction.</p>

LOCAL ECONOMIC DEVELOPMENT		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
					<p>implementation of the LED strategy</p> <ul style="list-style-type: none"> <li>• R3 million contract has been awarded to Ya Rona Temo for Mathopestad Agricultural Project</li> <li>• R 850 000 contract has been awarded to GSA &amp; Ditsamai Investment &amp; Projects for feasibility of Flea Market in Rustenburg</li> </ul> <p>The strike at the mines has made it difficult to continue interaction with various mines. We have only been in a position to get a report from Impala and Glencore. We have however also been engaging with Lonmin, Acquarius and We Sizwe who also participated at our recently held Mining Summit.</p> <p>Several factors have contributed towards mining companies procuring from local companies. They</p>		<ul style="list-style-type: none"> <li>- The Mining Charter</li> <li>- MASECO</li> </ul>	

LOCAL ECONOMIC DEVELOPMENT		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
					include: - Ongoing interactions with the mines and SMMEs that require support to supply to the mines - The recent mining summit held - The Mining Charter			

LOCAL ECONOMIC DEVELOPMENT		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
Develop, implement and review internal policies and procedures on regular basis	% implementation of LED Strategy	New KPI	0%	100	70 - Not Achieved - Group Naledia has facilitated strategic partners with the following organizations: - The service provider has also developed a time frame on milestones attached please find progress report on the appointed Service Provider (Naledia Group) on the Implementation of LED Strategy.			The service provider has also developed a time frame on milestones

LOCAL ECONOMIC DEVELOPMENT		PROJECTS (GRANT, LOANS AND COUNCIL FUNDED)						
MEASURABLE OBJECTIVE	INDICATOR	PREVIOUS FINANCIAL YEAR 2012/13		FINANCIAL YEAR UNDER REVIEW 2013/14		Rating	Reason for Deviation	Measures taken to improve Performance
		TARGET	ACTUAL	TARGET	ACTUAL PERFORMANCE			
Stimulate and facilitate sustainable tourism development and marketing of Rustenburg City as a world-class destination	% completion of the City Branding Strategy Phase 1	New KPI	0	35	<p>45 - The project is on track, with the first phase completed and work on the second phase has commenced. The following milestones were achieved during the first phase:</p> <ul style="list-style-type: none"> <li>- Brand delivery Launch</li> <li>- Brand positioning and identity</li> <li>- Preliminary brand identity</li> <li>- Brand positioning and identity validation research</li> <li>- Final Brand Positioning – Refinements</li> <li>- Final Brand identity – refinements</li> <li>* Rollout: Website and Advertising products (Marketing, Advertising Strategy and concepts, Brand implementation and marketing</li> <li>* The Item was presented to Mayoral and Council on the 28th May 2014</li> </ul>			

## PERFORMANCE IMPROVEMENT PLAN FOR 2013/2014

No.	Key Performance Indicator	Reason for non achievement	Remedial Measures	Responsible Directorate
2.	Percentage completion of upgrading of Civic Centre	The companies that submitted bids did not meet the required standard.	Funding for 2014/15 has been secured. Tender was re-advertised in August 2014 and appointment of service providers who specialise in sound and lights will be ensured.	Community Development
8.	Percentage development of Rankelenyane/ Mabitse sports facility	The contractor indicated cash flow restrictions and was unable to pay ESKOM connection	The contractor is to expedite and source funding for projects cash flow to ensure the project is completed as stipulated in the service level agreement. It is also expected of the contractor to submit extension of time.	Community Development
9.	Percentage completion of Tlhabane sports facility	The project has not started due to some disgruntled community members disrupting meetings to introduce the contractor to the community. Community members are unhappy about the appointed contractor not being from their ward and employment issues.	All meetings arranged between the aggrieved community members, the contractor and RLM to resolve issues and agree on a way forward to kick start the project have been disrupted.	Community Development
11.	Date of finalization of Accreditation Implementation Protocol	Implementation Protocol not finalized because of unclear roles and responsibilities of Municipality and the Province	Accreditation task team consultative meeting held on 11 February 2014 and concluded that; Housing Account be transferred to the Province with all liabilities Municipality to implement housing project as of 2014/15 financial year, with start up of 97 housing subsidies Department to provide Municipality with specification for call of proposal for housing development Department to provide Municipality a letter of commitment for housing subsidies to be implemented Department to incorporate the resolution of the meeting in the implementation protocol.	Planning and Human Settlement

No.	Key Performance Indicator	Reason for non achievement	Remedial Measures	Responsible Directorate
12.	Quarterly progress reports in the development of a social housing entity for RLM tabled before Council	Item submitted to Planning Portfolio seating on 10 July 2014 Meeting with the Province was held on 24 October 2013, whereby the service provider was introduced to the Province and the Identified land for Social housing was presented. A request was made to the Service provider to start preparing business plans for Social housing development that will be submitted to Province and SHRA.		Planning & Human Settlement
13.	Percentage of funds spent on land acquisition	During budget adjustment R33m was taken away and the transactions could not be finalised.	An addendum to the main Sale Agreement in respect of the land for the SEZ was then signed with a commitment to finance the transaction in the new financial year 2014/15	Planning & Human Settlement
15.	Percentage upgrading of municipal airport	Construction of the perimeter wall The appointed contractor has abandoned the project due to the fact that rates on the bill of quantity are not enough for the firm to cover the costs of material and labour.	Development of the airport master plan: The master plan has been finalized and awaits the Council's approval which will be in end August 2014.	Planning & Human Settlement
28	Percentage completion of the Marikana Licensing and Testing office	The project was delayed due to exhausted funds contributed by the municipality The building is 95% complete. Furniture, cubicles, paving and public toilets are still outstanding. Recommend inspection-in-loco	The project was delayed due to exhausted fund contributed by the municipality and the provincial department of Human Settlement Public Safety and Liaison.	Public Safety
35	Percentage construction of the North East Corridor (Process)	<b>Contract A</b> is on schedule <b>Contract B</b> is behind schedule by 7 weeks. They have increased	<b>Contract B</b> -the Contractor in April 2014 was requested to see whether they could accelerate. With the complexity of the contract	Rustenburg Rapid Transport



No.	Key Performance Indicator	Reason for non achievement	Remedial Measures	Responsible Directorate
		<p>resources on site, as at this stage they cannot accelerate the rate of progress. At this stage, it is envisaged that they will request for extension of time, prior to the contractual completion date.</p> <p><b>Contract C</b> there has been delays with the roll out of the bridge infrastructure because a WUL approval has not been issued, which is in effect causing the delay in the overall progress on site-this has been escalated to the Director of Grant Monitoring at National Department of Transport, also the same matter escalated to the SIP 7 coordinator at PRASA. Attached proof of such letters.</p>	<p>(bridges), they could only bring in additional resources. It must be noted that under the contract entered into by the Municipality and Umso (SAICE GCC 2010), should the stipulated completion date not be met, clauses related to delays and claims will be applied.</p> <p><b>Contract C</b>-the Water Use License (WUL) approval has been received. Work has commenced at the bridges.</p>	
36	Date of completion of detailed design report – other stations	<p>At the beginning of the 4<sup>th</sup> quarter, we the bid RLM/MM/0212/2013/14 served at the bid specification committee, was advertised and the tender closed on the 13<sup>th</sup> of June 2014. At this point the bid is being evaluated and the outcome of the contractor to be appointed will be known in the first quarter of the Financial year 2014/15.</p>	The contractor to be on site in September 2014.	Rustenburg Rapid Transport
37.	Date of completion of phase 1 depots Procurement of Design Consultants (b) Design	<p>The tender was advertised late due to legal inputs that was needed on the matter (cancellation of previous tender). This was granted only on the 8<sup>th</sup> of April 2014.</p>	The tender evaluation report is at Bid Evaluation Committee and no further delays are envisaged.	Rustenburg Rapid Transport
41.	Number of substations upgraded	This is a multi-year project and it is expected to be finalized by December 2015.	The refurbishment tender namely RLM/DTIS/ 0177/2013/2014 for consultants have not been	Technical & Infrastructure services

No.	Key Performance Indicator	Reason for non achievement	Remedial Measures	Responsible Directorate
		Directorate is still awaiting a connection from Eskom.	received signed from the Municipal Managers office. Was at procurement today 5 Sept 2014 and it was mentioned by Nokotula that the acceptance letter was signed but not the appointment letter nor the SLA. All other electrical tenders associated with this project were approved and material has been ordered. No connection from Eskom is needed on the substation upgrading project.	
42.	Number of substations constructed	This is a multi-year project and it is expected to be finalized by December 2015. Directorate is still awaiting a connection from Eskom.	The Waterkloof and Motor City projects are on Track after adjudication. The projects for these phases has started in July 2014.  The connection line and Ripple control can only commence once ESKOM indicate their Scope change in writing to this office to prevent wasteful expenditure on this tender.	Technical & Infrastructure services
45.	Percentage electrical bulk line connected	The Contractor seems to be under financial administration, Therefore the project is currently on hold.	The matter was handed over to the Legal and Valuation unit	Technical & Infrastructure services
46.	Kilometers of sewer pipeline constructed	The delay was attributed to the volume of rock encountered and the difficulty of blasting in between the existing structures and recently the rain.	The contractor was reviewed and it is anticipated to be 100% complete by August 2014.	Technical & Infrastructure services
52.	Number of waste bins delivered	The 4 skip bins could not be purchased due to the introduction of cost containment measures.	The amount of skip bins already purchased will have to suffice as the balance on the current financial year was not rolled over.	Technical & Infrastructure services
53.	Percentage completion of Waterval Landfill site	There was a delay in mobilizing the contractor due to insufficient funds.	Additional funding was availed during the budget adjustment and the project is anticipated to be completed by the end of August 2014.	Technical & Infrastructure services

No.	Key Performance Indicator	Reason for non achievement	Remedial Measures	Responsible Directorate
55.	Percentage completion of the rural development water projects	The delay on the progress of the project was caused by the delay in supply of material from Sebetsa Trading (Pty) Ltd, due to strike by NUMSA The contract budget was reduced and the contract was requested to stop the works on the steel tank. The project was never implemented due to delays in the approval from Department of Environmental Affairs.	The project duration has been revised and the funds were rolled over to the next financial year The contract budget was reduced and the contract was requested to stop the works on the steel tank The project was never implemented due to delays in the approval from Department of Environmental Affairs	Technical & Infrastructure services
58.	Date of approval by Council of a Water Master Plan	There are negotiations with a donor currently ongoing and there is no need for the Municipality to fund.	The funds were made available on the 2014/15 budget and it is anticipated that the master plan is to be finalized during the 1 <sup>st</sup> quarter.	Technical & Infrastructure services
59.	Date of approval of an Integrated Waste Management Strategy for RLM	The Integrated Waste Management Strategy could not be finalized due to cost containment measures.	The funds were made available on the 2014/15 budget and it is anticipated that the master plan is to be finalized during the 1 <sup>st</sup> quarter.	Technical & Infrastructure services
60.	Percentage of the municipality budget implementation on the Workplace Skills Plan	An amount of R1 438 483.99 was spent on the Workplace Skills Plan. During the adjustment budget an amount of R1.3 million was taken from the Training of Personnel Vote. Delay in procurement processes.	The main skills committee recommended that the initial process of 3 quotations for courses less than R30 000 be implemented  Advertise during the current financial year to procure service providers to be able to train when the new financial year commences.	Corporate Support Services
61.	Timeous assessment of the impact of training interventions on all employees	WSP funds were used to pay Deloitte's CPMF programme. Impact assessment on training interventions can only be done once training has been completed.	As the programme is left with 2 months to be completed, the impact assessment forms will be sent to all learner supervisors at the end of November for assessment and the impact will only be realized 3 months after.	Corporate Support Services
62.	Number of people from employment	Turnaround time for filling of vacancies could	Budget allocation for filling of vacancies for 2014/15 is sufficient.	Corporate Support Services

No.	Key Performance Indicator	Reason for non achievement	Remedial Measures	Responsible Directorate
	equity target groups employed in the three highest levels of management in compliance with the Municipality's approved EE plan.	not be met due to insufficient budget.		
64.	% Completion of Rustenburg Hawkers Stalls at Taxi Rank Area	Delay on relocation of the Hawkers but the contractor has now moved to the remaining section of the phase. Shortage of materials due to cash flow problems	There are regular meetings held with PMU and SRK (Project managers) on the implementation of this project. The work is currently 66% complete. The contractor is working extended hours to try and complete on time.	Local Economic Development
67.	Rand value of linkages on SMME Procurement facilitated with big business.	<p>The strikes at the mines have made it difficult to continue interaction with various mines. We have only been in a position to get a report from Impala and Glencore. We have however also been engaging with Lonmin, Acquarius and We Sizwe who also participated at our recently held Mining Summit.</p> <p>Several factors have contributed towards mining companies procuring from local companies. They include:</p> <p>Ongoing interactions with the mines and SMMEs that require support to supply to the mines</p> <p>The recent mining summit held</p> <p>The Mining Charter</p> <p>MASECO</p>	<p>Interaction with Anglo American and Samancor to discuss amongst other things, two farming projects as part of their SLP projects, one in Phatsima (to be funded by Anglo) and the other in Ikemeleng (to be funded by Samancor)</p> <p>There is a procurement workshop with Samancor to be facilitated by Shanduka Black Umbrella on the 11<sup>th</sup> of September 2014, where we will gain more insight into their procurement processes. Anglo on the other hand is planning to sell off Rustenburg assets, so this still makes it difficult to access the much needed information. Most of the local mines' SLP's are coming to an end in 2015 and we will therefore be engaging with them regularly regarding inputs into their new SLP's. The Mining &amp; Industrial Coordinator is currently engaging with various mines to set dates for continuous interaction.</p>	Local Economic Development

No.	Key Performance Indicator	Reason for non achievement	Remedial Measures	Responsible Directorate
70.	Percentage of municipality's capital budget actually spent on capital projects identified for the financial year in terms of the IDP	Most of the service providers were not paid, thus low movement in terms of expenditure and during the budget adjustment budget process there were funds which were taken and therefore projects had to be stopped.	Acceleration of procurement processes in order to appoint service providers on time.	Budget and Treasury Office
75.	Percentage expenditure on overtime budget exceeding budgeted amount	The over- expenditure was as a result of Municipality closure during December 2013 where most employees were working overtime in order for service delivery not to be compromised.	The following have been identified as cost containment measures which will assist: Introduction of shift system. Exercise strict management in terms of allocation of overtime duties, as per the Council resolution.	Budget and Treasury Office
87.	Date of achievement of a clean audit opinion	The municipality received a qualified opinion of the Auditor General for the financial year 2012/2013.	Weekly meetings are held to monitor implementation of the action plan.	Budget and Treasury Office

## SUMMARY AND CONCLUSION

Chapter three presented unaudited annual performance results of the municipality for the 2013/14 financial year. It provided reasons where there was underperformance and measures that are taken to remedy the situation. The report is presented in the format of four clusters and in accordance with the five key performance areas (KPA's) of local government as prescribed by the Constitution of the Republic of South Africa. Key performance indicators (KPIs) and targets were aligned to the development priorities and objectives of the municipality's IDP.

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## CHAPTER 4

### CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

#### COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

##### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Directorate	Division	No of posts	No Employees	Vacancies
Community Development	Director & Admin Support	9	6	3
	Community Facilities	427	305	122
	Libraries & Information Serv.	61	53	8
	<b>Sub-Total</b>	<b>497</b>	<b>364</b>	<b>133</b>
	Director & Admin Support	4	4	0
	Human Resources	26	24	2
	Information Technology	12	6	6
Corporate Support Services	Admin Support Services	50	48	2
	<b>Sub-Total</b>	<b>92</b>	<b>82</b>	<b>10</b>
	Director & Admin Support	13	11	2
	Civil Facilities & Maintenance	32	19	13
	Electrical Engineering	216	116	100
	Mechanical Engineering	63	33	30
	Roads & Stormwater	167	179	-12
Technical and Infrastructure Services	Waste Management	233	174	59
	Water and Sanitation	310	200	110
	<b>Sub-Total</b>	<b>1034</b>	<b>732</b>	<b>302</b>
	Director & Admin Support	10	9	1
	Building Control & Regulations	12	9	3
	Development Planning	21	21	0
	Housing Provision	36	20	16
Planning and Human Settlement	Estate Admin & Land Sales	10	5	5
	Integrated Environmental Management	4	3	1
	<b>Sub-Total</b>	<b>93</b>	<b>67</b>	<b>26</b>
Public Safety	Director & Admin Support	19	8	11
	Emergency & Disaster Mang.	67	52	15
	Licensing & Testing	77	58	19
	Traffic Services	220	69	151
	Law Enforcement	89	85	4
	<b>Sub-Total</b>	<b>472</b>	<b>272</b>	<b>200</b>
Finance	Dir & Deputy CFO & Admin Sup	4	2	2
	Revenue & collection	78	75	3
	Financial Management	38	23	15
	Financial Control	28	28	0
	Intern National Treasury		2	0
	Supply Chain Management	18	5	13
	<b>Sub-Total</b>	<b>166</b>	<b>135</b>	<b>33</b>
Local Economic	Director & Admin Support	8	4	4
Development	Policy Research	3	2	1

Directorate	Division	No of posts	No Employees	Vacancies
	Enterprise Development/SMME	6	5	1
	<b>Sub-Total</b>	<b>17</b>	<b>11</b>	<b>6</b>
Office of the Municipal Manager	MM & Admin Support	10	13	-3
	Strategy & Planning	6	5	1
	Project Management	20	10	10
	RCC Offices	36	25	11
	Legal & Valuation	8	7	1
	Auditing	8	3	5
	Risk Management	2	1	1
	Office of COO	4	2	2
RRT	Director & Admin Support	6	4	2
RRT	Intern RRT (3 yr contract)	10	9	1
	<b>Sub-Total</b>	<b>110</b>	<b>79</b>	<b>31</b>
Office of the Executive Mayor	Admin Support Services	12	12	0
	Mayoral Admin Officer	10	7	3
	Communication	4	3	1
	Intergovernmental Relations	3	2	1
	Special Projects	7	2	5
	Monitoring & Evaluation	3	2	1
	<b>Sub-Total</b>	<b>39</b>	<b>28</b>	<b>11</b>
Office of Chief Whip	Sub-Total	3	2	1
Office of the Speaker	Sub-Total	18	12	6
	<b>TOTAL</b>	<b>2541</b>	<b>1784</b>	<b>757</b>

Vacancy Rate: 2013/14				
No	Designations	No. of approved posts	No. of vacancies	Vacancy Rate (%)
1	Municipal Manager	1	1	100
2	Chief Operations Manager	1	0	0
3	Chief Financial Officer	1	0	0
4	Other section 57 Managers	29	0	0
5	Senior Management	59	4	6.8
6	Professionals	62	8	13.0
7	Skilled people	1538	627	41.0
8	Semi-skilled people	350	50	14.3
9	Others	500	67	13.4
<b>TOTALS</b>		<b>2541</b>	<b>757</b>	<b>30.0</b>

Turn-over Rate			
Details	No. of Employees as at the beginning of the financial year	No of terminations during the financial year	Turnover Rate*
2011/12	1426	78	5.6
2012/13	1612	66	4.1
2013/14	1646	88	5.3

\* Divide the number of employees who left the municipality during the period under review, by total number of employees at the beginning of the period



## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The management of the workforce ensures the alignment to the bargaining council resolutions, municipal council approved policies, procedures and resolutions. The capability essentially facilitates workforce planning in line with projected service delivery demands as outlined in the City Development Strategy and IDP.

The revised top structure was approved after a lengthy review process that was lead by Deloitte as a preferred service provider. Employees who are in the middle management level (unit and section managers) will begin to participate in the municipality's employee performance management system during the next financial year.

#### 4.2 POLICIES

No	Title of Policy	% Completion	% Review	Date of Approval	Brief Description of Policy
1	Recruitment Policy	100		2014/06/24	Recruitment & interview process
2	Transport Allowance Policy	50	50		Amendment of transport allowance
3	Absenteeism policy	50	50		Time and attendance
4	Secondment policy	50	50		Movement of staff
5	Transfer policy	50	50		Movement of staff
6	Employment equity	100	100	Aug' 2013	Staff representation according to race, gender and disability

#### 4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty				
Type of Injury	No of Sick leave taken due to injury	No of employees taking sick leave due to injuries	Proportion of employees taking sick leave (%)	Average sick leave per employee (Injury) No of Days
Required basic medical attention only	59	14	23%	4.2
Temporary incapacity	8	2	25%	3.5
Permanent incapacity	0	0	0	0
Fatal	1	1	100%	1
<b>TOTAL</b>	<b>68</b>	<b>17</b>		<b>2.9</b>

The table below presents a scenario of employees who are injured on duty and requiring basic medical attention and those that are temporarily incapacitated at approximately sixteen (16) for the period under review.

<b>Number of Days and Cost of Sick Leave (Including Sick Leave)</b>					
<b>Salary Band</b>	<b>Total No of Sick Leave taken</b>	<b>% of sick leave taken without medical certificate</b>	<b>No of employees using sick leave</b>	<b>Total No of employees in the post</b>	<b>Average sick leave per employee</b>
Municipal Manager and all section 57 managers	22	4.5	4	11	2.0
Unit & Section managers	451	14.4	47	68	6.6
Professionals	363	12.7	46	123	3.0
Skilled Employees	4132	14.2	227	472	8.8
Semi-skilled	1382	6.2	156	489	2.8
Lower skilled	5840	2	544	802	7.3
<b>TOTALS</b>	<b>12 190</b>	<b>44</b>	<b>1 024</b>	<b>1 965</b>	<b>30.5</b>

#### Number and Period of Suspensions

<b>Position</b>	<b>Nature of Alleged Misconduct</b>	<b>Date of Suspension</b>	<b>Details of Disciplinary Action Taken or Status of Case and Reasons if matter not finalised</b>	<b>Date Matter Settled</b>
Foreman	Theft of diesel	13/02/2014-16/05/2014	Resigned	16/05/2014
Generalist Worker	Theft of diesel	13/02/2014-16/06/2014	Case finalised and employee was sanctioned with final written warning	16/06/2014
Generalist Worker	Theft of waste bins	13/03/2014	Not finalised due to continuous postponement and the last one was on the 26/08/2014	Not yet finalised internally but dismissed by Regional Magistrate court of Rustenburg and the case number was 538/02/2014.
Messenger	Theft of A4 paper rims	23/04/2014 to 15/07/2014	Case finalised and employee was sanctioned with dismissal	Matter was settled on the 15/07/2014, however the appeal hearing was heard on the 15/08/2014 and still awaiting appeal decision.
Messenger	Theft of A4 paper rims	23/04/2014 to 15/07/2014	Case finalised and employee was sanctioned with dismissal	Matter was settled on the 15/07/2014, however the appeal hearing was heard on the 15/08/2014 and still awaiting appeal decision.
Admin Assistant	Forging of signature	14/04/2014-31/05/2014	Employment contract came to an end and	Matter finalised

			automatically matter falls away	
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#### DISCIPLINARY ACTION TAKEN ON CASES OF FINANCIAL MISCONDUCT

Position	Nature of Alleged Misconduct and Rand Value of any Loss to the Municipality	Disciplinary Action Taken	Date Finalised
Payroll clerk	Unauthorised Acting allowance payment amounting to R105,777.90	Employee was suspended on the 04/08/2014	Matter not finalised and still under both internal and external investigations: <b>SAPS CASE NO:302/08/2014</b>
Payroll Administrator	Unauthorised Acting allowance payment amounting to R235,269.06	Employee was suspended on the 04/08/2014	Matter not finalised and still under both internal and external investigations: <b>SAPS CASE NO:302/08/2014</b>
Payroll Administrator	Unauthorised Acting allowance payment amounting to R56,943.06	Employee was suspended on the 04/08/2014	Matter not finalised and still under both internal and external investigations: <b>SAPS CASE NO:302/08/2014</b>

#### 4.4 PERFORMANCE REWARDS

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The Employee Performance Management System is currently being implemented with regard to the Municipal Manager, Section 56 Managers, and other managers to a limited extent, including managers in the political offices.

### COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

#### 4.5 SKILLS DEVELOPMENT AND TRAINING

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##### Introduction

The Training and Development (Employee Capability Management Services) section is the custodian of capacity building of employees in the municipality in terms of the identification of training needs, development and implementation of the workplace skills plan and the management of financial assistance programme for capacity building and training purposes. The Skills Development Act, 1998 (Act No. 97 of 1998) set clear guidelines and requirements for the municipality to implement capacity building initiatives for employees. The municipality is expected to submit a comprehensive Workplace Skills Plan to the Local Government Sector Education and Training Authority (LGSETA) by the end of June each year.

##### Learnerships

The municipality did not implement any learnerships for the financial year under review.

**Bursaries awarded to Employees:**

The Rustenburg Local Municipality awarded bursaries to 30 students who concentrated on the following academic programmes, in line with the national government's priorities: Accounting Science, Public Management, Internal Auditing, Real Estate, Transport Management, Safety Management, Criminal Justice, Town and Regional Planning, Road Traffic Management, BC: Commerce Management, BA: Human and Social Studies, Human Resource Management, BD: Law, BD: Administration, BC: Communication, Economic and Management Science. The total amount of financial assistance to employees of the municipality to further their studies for the financial year under review is three hundred thousand rands (R300 000.00).

**National Treasury's Minimum Competency Requirements**

Deloitte Consulting was contracted as a preferred service provider to train managers to comply with the requirements of the minimum competency requirements prescribed by the National Treasury during the period under review. The training programme will continue for eighteen months ending during the next financial year.

**SKILLS DEVELOPMENT AND TRAINING**

The section is also continuously striving to build and create a capable service delivery-oriented municipality by providing and creating extensive opportunities and access to critical, generic and management development-oriented programmes

Skills Development Expenditure								
Management Level	Gender	No of employees at the beginning of the financial year	Original Budget and Actual Expenditure on Skills Development					
			Skills Programmes and other short courses		Other forms of Training		Total	
			Budget	Expenditure	Budget	Expenditure	Budget	Expenditure
Municipal Manager & Section 57s	Female	3	1 200 000	66000			1 200 000	66000
	Male	13		286000				286000
Professionals	Female	5	350000	110000			350000	110000
	Male	7		154000			154000	154000
Technicians and associate professionals	Female	1	65000		750000	56301	815000	56301
	Male	11	1200 000	579347		464302	1664302	464302
<b>TOTALS</b>							<b>4183302</b>	<b>1136602</b>

**COMMENTS ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS**

<b>Adequacy of Training Plans</b>	<ul style="list-style-type: none"> <li>The Workplace Skills Plan is adequate as it meets the LGSETA standard and requirements</li> </ul>
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	<ul style="list-style-type: none"> <li>Our training is in line with the National Skills Development Strategy III as it addresses the needs and shortages of the artisans. (Electricians, Plumbers and Mechanics)</li> </ul>
<b>Effectiveness of Implementation</b>	<ul style="list-style-type: none"> <li>The training is effective as there is development of Artisans and senior managers for CPMF to address the minimum competencies as regulated by the National Treasury.</li> </ul>
<b>Variance between Actual Budget Expenditure</b>	<ul style="list-style-type: none"> <li>The municipality made provision in the budget of four million one hundred and eighty three thousand three hundred and two rands (R4 183 302) for training but actually spent only one million one hundred and thirty six thousand six hundred and two rands (R1 136 602) which amounts to twenty seven comma two percent (27.2%).</li> </ul>
<b>Adequacy of Funding</b>	<ul style="list-style-type: none"> <li>The funding for training is not sufficient to cater for all employed workers of the Rustenburg Local Municipality</li> </ul>
<b>Budget Forecast</b>	<ul style="list-style-type: none"> <li>Insufficient budgeting of training has a negative impact on training as not all training needs of the organisation are catered for</li> </ul>
<b>Assessment of Value of Training</b>	<ul style="list-style-type: none"> <li>All technicians sent for technical courses received their Trade Tests certificates and are now artisans.</li> <li>This will reduce the appointment of external service providers as the internal staff will be competent enough to carry out the duties.</li> </ul>

## COMPONENT D: MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

### 4.6 EMPLOYEE EXPENDITURE

#### INTRODUCTION

The finalisation of the organisational review process will assist the municipality to identify critical skills and competencies required for effective service delivery. The implementation of the organisational review results (organisational restructuring) will affect the workforce expenditure trends, which should be provided for in the operating budget in the medium term.

The most important asset of the municipality is the workforce, i.e. employees who are directly or indirectly responsible for service delivery. The acquisition, maintenance and management of employees have direct correlation with the cost and quality of service delivery in the municipality.

In determining the municipality's actual workforce capacity, an attempt is made to ensure that talented people with the right competencies and skills are correctly placed. The table below, therefore, presents the trend of total personnel expenditure over the past five years:

#### TREND OF TOTAL PERSONNEL EXPENDITURE OVER THE PAST FIVE YEARS

SALARY BUDGET COMPARISON WITH ACTUAL EXPENDITURE								
Financial Year	Budget R'000	Actual R'000	Deviation R'000	% Saving /	Total Actual Expenditure * R'000	Actual Salaries as % of Total	% Increase against previous	% Increase against previous

				(Overs pend)		Expendi ture	Year Budget	Year Actual
2009/10	256002	256539	(537)	(0.21)	1472460	17.42	21.05	19.53
2010/11	307713	296303	11 410	3.7	2144092	13.8	8.31	8.65
2011/12	208656	202241	6415	3.07	1901570	10.64%	6.18	6.42
2012/13	40305450 6	43899525 5	- 35940749	8.92	2970043953	14.8	99.90	99.60
2013/14	48748690 5	51356971 2	- 26082808	5.35	3529183956	14.55	20.95	16.99

#### Number of Employees whose Salaries were increased

Number of Employees whose Salaries were increased due to the Upgrading of their positions			
No	Beneficiaries	Gender	Total No.
1	Lower skilled	0	0
2	Skilled	0	0
3	Semi-skilled	0	0
4	Middle management	0	0
5	Senior Management	Female	1
6	Municipal Manager & Section 57 Managers	0	0
<b>TOTAL</b>			<b>1</b>

#### UPGRADED POSTS

Number of employees whose salaries were increased due to their positions being upgraded	01
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Excess Employees in the Organisational Structure				
No.	Occupation	Number of Employees	Remuneration / Salary Level	Reason for Deviation
1	Lower skilled	0	0	N/A
2	Skilled	0	0	N/A
3	Semi-skilled	0	0	N/A
4	Middle management	0	0	N/A
5	Senior Management	0	0	N/A
6	Municipal Manager & Section 57 Managers	0	0	N/A
<b>TOTAL</b>		<b>0</b>	<b>0</b>	<b>N/A</b>

#### DISCLOSURE OF FINANCIAL INTEREST

Disclosure of Financial Interests			
01 July 2013 to June 2014			
No.	Position	Name	Date of Disclosure
1	Municipal Manager & Accounting Officer	Dr Mako M.K	
2	Chief Operations Officer	Mr Makona V.S	23-Jul-13
3	Chief Financial Officer	Mrs Molefe S.G.M	20-Nov-12

4	Chief Audit Executive	Mr Mabe C.M	25-Feb-14
5	Director: Community Development	Mrs Motsepe P.	02-Apr-14
6	Director: Corporate Support Services	Mr. Segatle F.S.	05-May-14
7	Director: Local Economic Development	Mr Kola J.R.	29-Jul-13
8	Director: Planning and Transport	Mr Pieters C.J.	10-Apr-14
9	Director: Public Safety	Mr Kotsedi S.S.	06-Feb-12
10	Director: Technical and Infrastructure Services	Mr Mokgwamme N.M	23-Jan-14
11	Director: Rustenburg Rapid Transport	Mr Rapoo M.K	06-May-14
12	Manager: Office of the Speaker	Mr Matima N.	01-Apr-14
13	Acting Manager: Office of the Executive Mayor	Ms Sebolao L	29-Apr-14
14	Manager: Office of the Municipal Manager	Mr Rademeyer J.	28-Mar-14
15	Manager: Office of the Chief Operations Officer	Mr Dire MM	23-Jan-14
16	Manager: Strategy and Planning	Dr Tau M	12-Feb-13
17	Deputy Chief Financial Officer	Mr Malatsi P	25-Mar-14

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## CHAPTER 5

### FINANCIAL PERFORMANCE

#### COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

##### 5.1 STATEMENTS OF FINANCIAL PERFORMANCE

###### INTRODUCTION

Sound financial management practices are essential to the long-term sustainability of the municipality. They underpin the process of democratic accountability. Weak financial management practices and reports result in misallocation and under-utilisation of resources. The main objective of the Municipal Finance Management Act, 2003 is to modernise municipal financial management. Effective municipal financial management has the following interrelated components:

- Planning and budgeting;
- Asset and liability management;
- Revenue and expenditure management;
- Supply chain management;
- Accounting and reporting;
- Oversight and operational continuity; and
- Other financial management.

The main aim of this chapter is therefore, to provide an overview of the financial performance of the municipality through the measurement of performance results. It further provides an opportunity for planning, so as to ensure that future budgetary allocations are brought in line with the IDP and functional area activities and output.

The net operating results a deficit of R 72 million due to increase in debt impairment by 100% due to the strike that lasted for more than six months. The expenditure increased by 19 % compared to actual of 2013 and revenue increased by 11 %

The overall operating results for the year ended 30 June 2014:

Description	Actual 2014	ACTUAL 2013	% increase compared to actual 2013
	R'000	R'000	%
Operating revenue for the year	3,457,524	3,238,752	7
EXPENDITURE			
Operating expenditure for the year	3,529,183	2,957,139	19
Sundry transfers	-	-	

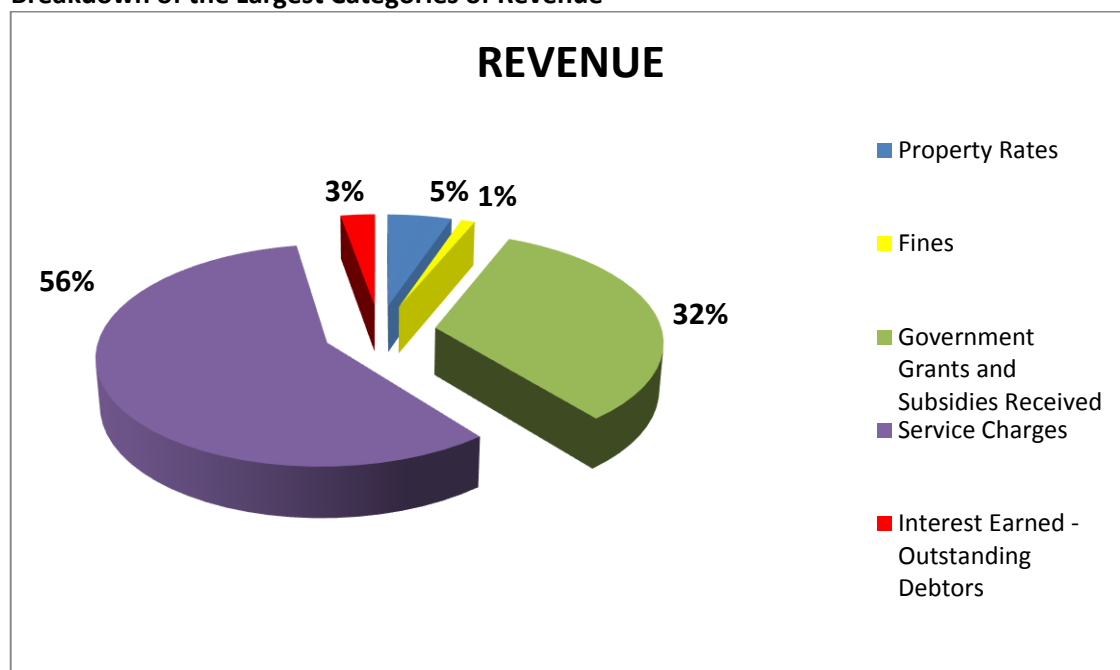
Accumulated surplus end of the year	-71,659	281,613	
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## Overall Operating Results

### OPERATING REVENUE

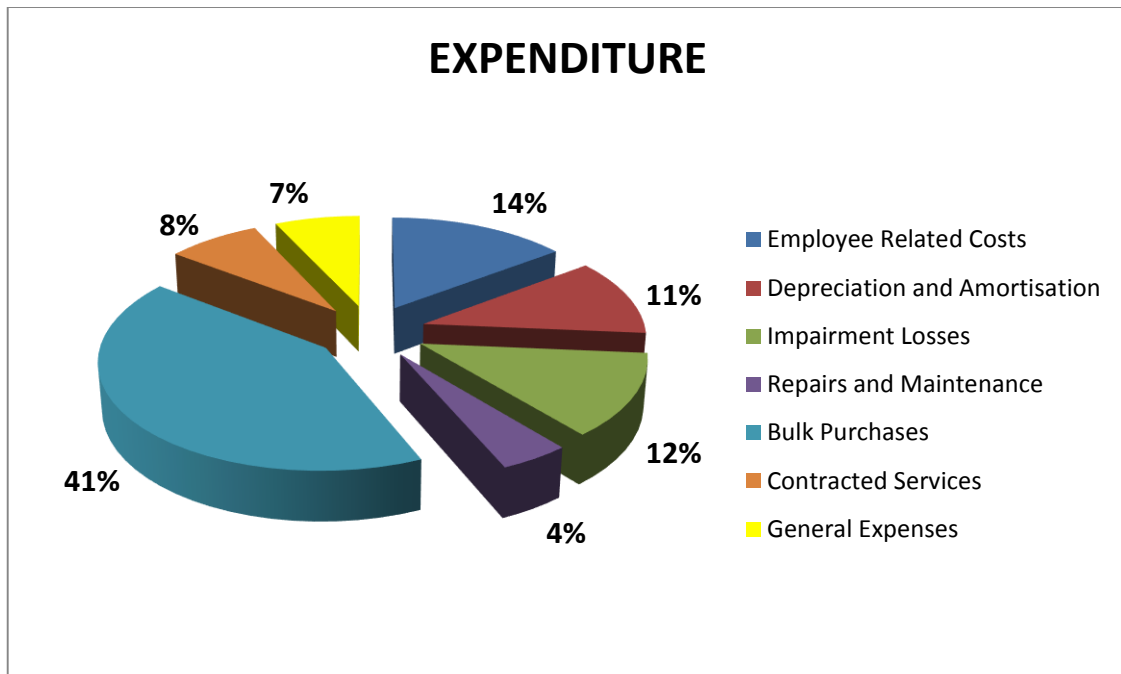
The following graph gives a breakdown of the largest categories of revenue

#### Breakdown of the Largest Categories of Revenue



### OPERATING EXPENDITURE

The graph below gives the break down per main expenditure group



**Breakdown per main expenditure group**

#### REASONS FOR THE DEVIATION OF ACTUAL PERFORMANCE FROM BUDGETED RESULTS

Income: Penalties on Property Rates; Rental of Facilities; Interest earned on Outstanding Debtors; Licences and Permits; Fines; Interest earned on Investments; Others

Expenditure: Remuneration of Councillors; Depreciation; Finance Costs; Debt Impairment; Collection Costs; Contracted Services; Grants and Subsidies paid; General Expenditure  
Provide Detailed Line Items of General Expenditure

## 5.2 GRANTS

### GRANTS AND SUBSIDIES

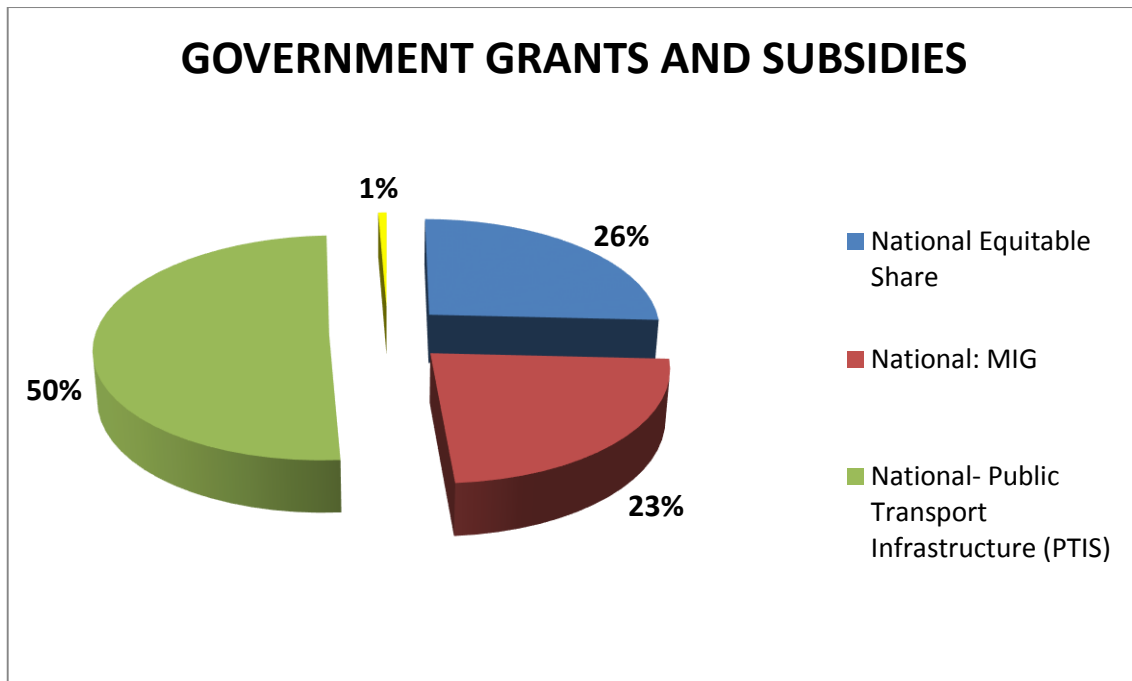
The municipality is dependent on national government grants for the implementation of capital programme. The measure contributing grant is PTIS (Public Transport infrastructure) and Municipal Infrastructure grant MIG. The details on the grant are on note 24 of the Annual financial statements.

The grants and subsidies for 2014 where conditions of the grants were met amounts to R 1, 116, 300 , 305 and for 2013 it is R 995, 310, 624 , this shows an increase of 17 % in the spending of conditional grants.

The table below and graph show the amounts received in terms of grants, contributions and subsidies from National and Provincial Government which amounts have been included in the total revenue

	Actual 2014	ACTUAL 2013
	R'000	R'000

National Equitable share	284 '657	239, 749
Finance Management Grant	1,655	1,499
Municipal Systems improvement Grant	,890	.800
Department of Minerals and Energy		5,734
MIG	255,170	205,912
Public transport infrastructure	557,702	506,221
DWAF	-	3,564
Provincial Department of sports		21,265
Provincial Department of sports	192	561
Provincial –Seta Epwp	3, 3350	
Provincial extended public works program		7,268
Seta		38
Skills levy		1,796
Ineg	7,258	
Housing	85	345
EEDG	3864	
Other	1474	553



Analysis of financial position as at 30 June 2014-09-04

#### ASSET MANAGEMENT

<i>Type</i>	<i>Actual 2014</i>	<i>Actual 2013</i>
	<i>R'000</i>	<i>R'000</i>
Current assets	900,071	1,424,764
Non current assets	7,287,218	6,706,423
<b>Total assets</b>	<b>8,187,289</b>	<b>8,131,187</b>
Current liabilities	937,410	1,013,713
Non current liabilities	466,069	262 005
<b>Total liabilities</b>	<b>1,403,480</b>	<b>1,275,718</b>

Analysis of financial position as at 30 June 2014

## FINANCIAL RATIOS BASED ON GENERAL KEY PERFORMANCE INDICATORS

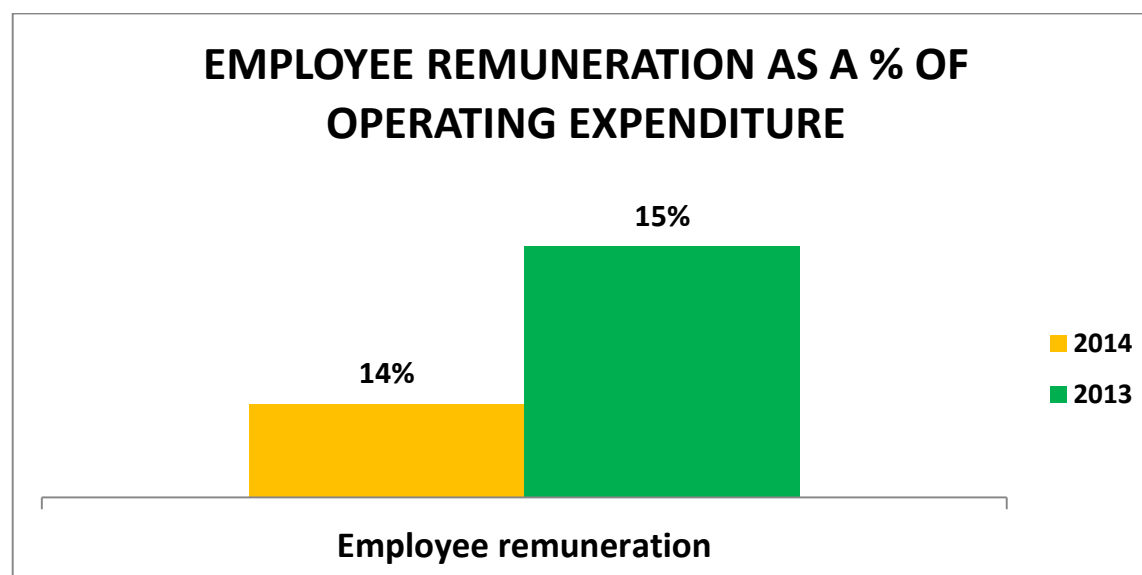
- Liquidity Ratio;
- Cost Coverage;
- Total Outstanding Service Debtors;
- Debt Coverage;
- Creditors System Efficiency;
- Capital Charges to Operating Expenditure;
- Employee Costs; Repairs and Maintenance

## EMPLOYEE RELATED COSTS

The actual expenditure on remuneration expressed as a percentage of the total expenditure increased by 17% since 2013. The employee related costs as a percentage of total expenditure is at 14%

Description	Actual 2014	Actuals 2013
Total operating expenditure	3,529,184	2,957,139
Total operating Revenue	3,457,524	3,238,752
Employee remuneration	513,569	438,995
Ratio : % of total expenditure	14%	15%
Ratio : % of total revenue	15%	14%
% growth in remuneration expense	17%	17%

### Employee Related Costs



The following is a summary of the key financial ratios:

Financial statistics	Actuals 2014	Actual 2013
Current asset ratio	0.96:1	1.41:1
Acid Test ratio	0,93:1	1,38:1
Solvability ratio	5,83:1	6.37:1

Total long term debt to total revenue ( gearing ratio )including grants)	12%	4%
Total long term debt to total revenue ( gearing ratio ) excluding grants	12.43%	4.29%
Inventory turnover		
Cash to interest coverage	27:1	45:1
Capital charges to total operating revenue	8:1	3:1
Debt to cash ratio	0.68:1	0.15:1
Financing to capital expenditure ratio		
Repairs and maintenance to annual operating revenue	5%	5%
Net debtors to total annual operating revenue	9%	21%

#### Key Financial Ratios

## COMPONENT B: CAPITAL EXPENDITURE AND FINANCING

### INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

The municipality's original approved capital expenditure for 2013/2014 amounted to R 1,3 billion. This capital budget was adjusted to R 1.6 billion during budget adjustment to include additional allocations and rollovers in respect of conditional grants approved by National Treasury.

The actual expenditure incurred during the financial year in respect of property, plant and equipment amounted to R 1,01 billion which resulted in an under spending of 654 million or 40%. In comparison with the total capital spending of the 2012/2013 financial year, a negative reflex. The non achievement of the adjusted budget can be attributed to the various reasons such as:

- Delays in projects due to objections to bids awarded
- The delays in the adjudication of tenders
- The strike that lasted for more than five months

#### Capital Expenditure per Type of Asset:

Type of asset	Actual 2014 R'000	Actual 2013 R'000
Land and buildings	1,988,409	1,942,853
Infrastructure	4,936,508	4,372,027
Intangibles	1,331	1613
Investment properties	239,654	259,820
Other	117,970	126,931
Total	7,373,475	6,771,529

The abovementioned property, plant and equipment of the municipality were financed from the following sources:

Type of Finance	Actual 2014 R'000	Actual 2013 R'000
Internally generated Funds	251 702	258 453
Transfers capital	926 809	656406
Borrowing	308 325	-
Total	1,486,837	914,859

## Sources of Funding

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENT

### INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Description	Actual 2014	Actual 2013
	R'000	R'000
Cash and cash equivalents	424, 978	654, 680
Liquidity ratio	1:1	1.38:1
Acid test ratio	0,97:1	1,36:1
Gearing ratio( including grants)	42.3%	38.6%
Gearing ratio ( excluding grants )	62%	55%

#### Cash and cash equivalents, investments and liquidity ratios

The net cash flows from the operating activities show an increase of 11% (June 2014:

- R 756 million and June 2013 with an amount of R 680 Million
- The municipality closed the year with a balance of R 424 million on cash and cash equivalents.
- A detailed cashflow statement is attached as part of Annual Financial statements.
- The ratios are showing a decrease since 2013.

Bid number	Description	Directorate	Bidder	Value of award
RLM/MM/0099/2012/13	Construction of Rustenburg Rapid Transport North East Corridor	Rustenburg Rapid Transport	Umso	R261 840 967.70
RLM/DTIS/0052/2012/13	Construction of waterval waste disposal facility electrical installation	Directorate Technical and Infrastructural Services	Vino Building Construction and Multi Projects	R21 781 076.55
RLM/DLED/0139/2012/13	Request for proposal to brand the city of Rustenburg	Directorate Local Economic Development	The Brand Leadership Group Pty Ltd	R22 657 768.00
RLM/DLED/0106/2013/14	Request for proposal to appoint a service provider for event management of Rustenburg International music and lifestyle festival:28-30 November	Directorate Local Economic Development	Keiko Productions and TTT JV	R15 000 000.00
RLM/DI/0033/2013/14	Refurbishment and replacement of AC steel water pipes, aged connections and water meters in Rustenburg	Directorate Technical and Infrastructural Services	White Leopard Trading	R17 123 739.93
RLM/DTIS/0141/2013/14	Bethanie, Modikwe & Barseba Extensions to existing water reticulations	Directorate Technical and Infrastructural Services	Maseno General Trading	R16 484 776.98
RLM/DTIS/0130/2012/13	Implementation of a turkey project to provide services for the planning, design implementation of pump station with rising main pumping sewer from Boitekong and Rustenburg waste treatment	Directorate Technical and Infrastructural Services	Mogaki Civils	R28 142 323.04
RLM/DTIS/0038/2013/14	Boitekong upgrading of roads & stormwater	Directorate Technical and Infrastructural Services	Alberto Investment JV	R37 746 273.41
RLM/DTIS/0256/2013/14	Replacement of AC pipes and upgrading of water meters and aged connections- Rustenburg and extensions	Directorate Technical and Infrastructural Services	La Face JV Base Major	R34 877 406.24
RLM/DTIS/0027/2013/14	Motor City substation phase 2	Directorate Technical and Infrastructural Services	Powertech Systems Integrators	R22 462 341.76
RLM/DTIS/0030/2013/14	WaterKloof 88/33/11 KV substation final phase	Directorate Technical and Infrastructural Services	Powertech Systems Integrators	R43 970 137.05
RLM/BTO/0188/2013/14	Request for proposal: Long term loan funding	Budget and Treasury	Development Bank of Southern Africa	R601 703 960.16



RLM/DCS/0182/2013/4	Supply, delivery and maintenance of printers and equipment	Directorate Corporate Support	Consensus Computing and Motsepe JV	R32 102 424.00
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This could be attributed to funding of capital programme internally and also decrease in cash due to the strike that lasted more than five months. As a result of consumers defaulting on the accounts, the cash received decreased

## **BORROWING AND INVESTMENTS**

The municipality closed the financial year with investments of R 349 million compared to R 602 million in the previous financial year. The decline was due to increase in expenditure funded through the reserves.

The municipality stepped up the capital investment programme to R 1,4 billion and during the period a loan of R 308 was secured for the funding of the following:

- Refurbishment of electricity network
- Refurbishment of water network

The financial plan is premised on diversifying funding. The municipality raises funding on the strength of the financial position without guarantees and securities.

## **PUBLIC PRIVATE PARTNERSHIPS**

The municipality does not have Public Private Partnership.

## **SUPPLY CHAIN MANAGEMENT**

The supply chain management policy being implemented by the Rustenburg Local Municipality was adopted by the municipal council for the financial period 2013/2014 financial year.

The supply chain management policy was reviewed to ensure that it is in line with the legislative amendments and changes. The adopted changes will ensure that the Supply Chain Management Unit (SCMU) discharges its mandate in line with the SCM regulations and procedures.

## **COMPETITIVE BIDS ABOVE OF R200 000**

### **Bid Committee Meetings**

The following table details the number of meetings held for the 2013/2014 financial year:

<b>Bid Specification Committee</b>	<b>Bid Evaluation Committee</b>	<b>Bid Adjudication Committee</b>
39	30	29

**Number of Bid Committee Meetings held for the 2013/2014 Financial Year**

### **Awards Made by the Accounting Officer**

The Accounting Officer awarded 106 bids with a value of R1 219 618 689.81, the figure excludes the tenders awarded on the basis of rates which are a total of 98 awards.

**The thirteen highest bids awarded by the Accounting Officer**

## FORMAL QUOTATIONS (ABOVE R 30 000 AND BELOW R 200 000) PROCUREMENT PROCESS

The number of formal quotations approved by the Directorates for the year under review

Description	Financial Year
Number of Awarded Formal Quotations	169

### Formal quotations above (R 30 000 and Below R 200 000)

## DEVIATIONS FROM NORMAL PROCUREMENT PROCESSES

Description	2013/2014	2012/2013
Deviations Approved by the Accounting Officer in terms of Section 12.22 of the SCM Policy	34 Approved  R 18,219,587.24	130 Approved  R 13,773,086.74

### Deviations from SCM Processes

Though there was a reduction on the number of approved deviations by almost 73 percent, the figure remains high because of a deviation of R 12 752 000 For RRT in the financial year under review.

Deviations from the normal procurement processes have been monitored closely to mitigate the risk of abuse associated with such appointments. Monthly deviation reports are presented to council on a monthly basis in accordance with the SCM Policy and SCM Regulations.

## DISPOSAL MANAGEMENT

The disposal management system envisages ensuring the following:

Immovable property is sold at market related prices;

- Movable assets are sold either by way of tender process, auction or at market related prices, whichever is the most advantageous to the state;
- In the case of the disposal of computer equipment, the relevant department of education must first be approached to indicate whether any educational institutions are interested in the equipment, and, if so, to arrange for the transport of such equipment at its own cost to any such interested educational institutions;
- Any movable item that is identified as obsolete, damaged, surplus, or redundant or has come to the end of its life cycle must be properly disposed of.
- Assets must have being retired from the asset register (in case of IT equipment the information storing devices must have being cleaned up by IT before any disposal can take place)
- Only a disposal committee can decide on an appropriate disposal method
- All assets must be disposed within a month after the sitting of the disposal committee
- Saleable stock can only be disposed from a central point which is the Stores .
- All proceeds made must be paid to the miscellaneous income account.
- Were assets are donated an acknowledgement of receipt by the recipient must be forwarded to the Stores manager
- A disposal committee must be established to analyse, approve or recommend disposal related requests to the AO. This committee must comprise of at least four Directors of which one must be a Supply Chain Practitioner.

## **GENERALLY RECOGNISED ACCOUNTING PRACTICE (GRAP) COMPLIANCE**

The municipality is complying with all the provisions of GRAP as published by the Accounting Standard Board.

## **OTHER FINANCIAL MATTERS**

The municipality is prioritising operational efficiency and productivity. Council approved revenue turnaround strategy to ensure that revenue is enhanced.

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## CHAPTER 6

### AUDITOR GENERAL'S FINDINGS

#### INTRODUCTION

According to section 45 of the Municipal Systems Act, 2000, the results of performance measurement in terms of section 41(1) (c) must be audited annually by the Auditor-General. Section 41(1) (c) states that the auditing should take place with regard to each of those development priorities and objectives and against key performance indicators and targets to monitor, measure and review municipal performance at least once per annum.

#### 6.1 AUDITOR GENERAL'S REPORT 2013/14

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Below is the AG's report.



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## REPORT OF THE AUDITOR-GENERAL TO THE NORTH WEST PROVINCIAL LEGISLATURE AND THE COUNCIL OF THE RUSTENBURG LOCAL MUNICIPALITY

### REPORT ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

#### Introduction

1. I have audited the consolidated and separate financial statements of the Rustenburg Local Municipality and its subsidiary set out on pages 183 to 305, which comprise the consolidated and separate statement of financial position as at 30 June 2014, the consolidated and separate statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

#### Accounting officer's responsibility for the consolidated and separate financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2013 (Act No. 2 of 2013) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor-General's responsibility

3. My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated and separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of



accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

### **Basis for qualified of opinion**

#### **Receivables from exchange and non-exchange transactions**

6. Revenue accrued at the end of the previous financial year was misstated due to the incorrect calculation of unbilled consumption of services and the incorrect reversal of other accruals. As a result of this, revenue from exchange transactions and receivables from exchange transactions is overstated with R69 094 405 in the prior year and revenue from exchange transactions is understated in the current year with the same amount. Furthermore, interest received from debtors in the prior year was understated with R20 202 046 as a result of the incorrect disclosure of a prior period adjustment.
7. In addition to this, I was unable to obtain sufficient appropriate audit evidence for journals and other adjustments made to receivables from exchange and receivables from non-exchange transactions in the current and prior period. I was unable to confirm these receivables by alternative means. Consequently, I was unable to determine whether any adjustments to receivables from exchange transactions of R283 495 951 and R274 563 124 (2013: R622 221 293 and R614 884 823) as disclosed in the note 4 and receivables from non-exchange transactions of R42 283 548 (2013: R73 722 303) as disclosed in note 5 to the consolidated and separate financial statements were necessary.

#### **Value added tax (VAT) receivables**

8. I was unable to obtain sufficient appropriate audit evidence for the VAT receivable, as the municipality did not have an adequate system in place to reconcile the accounting records to the submitted VAT returns. I was unable to determine the impact of input and output VAT included in various expenditure and revenue accounts. Furthermore, I was unable to determine the correct treatment of VAT in the provision for impairment of debtors. The municipality's system did not allow the performance of alternative procedures. Consequently, I was unable to determine whether any adjustments to value added tax receivable of R83 774 902 and R83 581 616 (2013: Value added tax payable of R94 648 044 and R96 721 879) as disclosed in note 6 and 18 to the consolidated and separate financial statements, were necessary.

#### **Accumulated surplus**

9. I was unable to obtain sufficient appropriate audit evidence for journals and other adjustments made to accumulated surplus in the current and prior period. Furthermore, the municipality did not comply with SA Standards of GRAP, GRAP 3, *Accounting policies, change in accounting estimates and errors*, which requires the disclosure of the nature of the errors, the correction for each financial statement line item for each period presented and the amount of the correction at the beginning of the earliest prior period presented. The municipality's system did not allow the performance of alternative procedures. Consequently I was unable to determine whether any adjustments to accumulated surplus of R7 041 082 934 and R6 783 809 996 (2013: R7 078 984 411 and R6 855 469 600) disclosed in the statement of changes in net assets



to the consolidated and separate financial statements, were necessary. As a result of this, the correction of error as disclosed in note 38 to the consolidated and separate financial statements are also misstated.

### **Commitments**

10. I was unable to obtain sufficient appropriate audit evidence for commitments disclosed, as the municipality did not have an adequate contract management system in place to record, maintain and reconcile their commitments. The municipality's system did not allow the performance of alternative procedures. Consequently I was unable to determine whether any adjustments to commitments of R1 066 472 162 and R1 060 363 741 (2013: R1 447 969 576) as disclosed in note 43 to the consolidated and separate financial statements, were necessary.

### **Irregular expenditure**

11. Section 125(2)(d)(iii) of the MFMA requires disclosure of all irregular expenditure incurred by the municipality. I was unable to obtain sufficient appropriate audit evidence that awards made by the municipality to suppliers were made in terms of the municipality's supply chain management policy. I was unable to confirm these awards by alternative means. Consequently I was unable to determine whether any adjustments to irregular expenditure of R238 439 003 (2013: R168 670 613) as disclosed in note 41.2 to the consolidated and separate financial statements were necessary.

### **Cash flow statement**

12. Presentation of a cash flow statement, summarising the entity's operating, investing and financing activities is required by SA Standards of GRAP, GRAP 2, Cash flow statements. The calculation of net cash flows from operating activities, cash flows from investing activities and cash flows from financing activities did not appropriately account for cash and non-cash items. The municipality's system did not allow the performance of alternative procedures to determine the extent of the misstatement. Consequently, I did not obtain sufficient appropriate audit evidence to confirm the accuracy of the cash flow statement and the notes thereto.

### **Qualified opinion**

13. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraphs, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Rustenburg Local Municipality and its subsidiary as at 30 June 2014 and their financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and the DoRA.

### **Emphasis of matters**

14. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### **Unauthorised expenditure**

15. As disclosed in note 41.1 to the financial statements, unauthorised expenditure of R51 165 847 was incurred in the current year and the unauthorised expenditure from prior





years of R1 063 936 181 had not yet been dealt with in accordance with section 32 of the MFMA.

#### **Material losses**

16. As disclosed in note 42.9 to the financial statements, material losses to the amount of R230 348 365 (2013: R159 078 527) (at cost) were incurred as a result of mainly distribution losses of water and electricity.

#### **Additional matters**

17. I draw attention to the matters below. My opinion is not modified in respect of these matters.

#### **Unaudited disclosure notes**

18. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

#### **Unaudited supplementary schedules**

19. The supplementary information set out on pages 306 to 312 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

#### **REPORT ON OTHER LEGAL AND REGULARITY REQUIREMENTS**

20. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for the selected development priorities presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

#### **Predetermined objectives**

21. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2014:
- Basic service delivery on pages 34 to 55
  - Local economic development on pages 55 to 63
  - Municipal financial viability on pages 160 to 170
22. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
23. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPi).



24. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
25. The material findings in respect of the selected objectives are as follows:

#### **Basic service delivery**

##### **Usefulness of reported performance information**

26. Section 41(c) of the Municipal Systems Act requires the strategic plan to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 24% of the reported objectives were not consistent with those in the approved strategic plan. This was due to a lack of information systems recording and documenting actual achievements against targets.
27. The FMPPi requires that performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. It must further be possible to validate the processes and systems that produce the indicator, meaning the indicator must be verifiable. A total of 100% of the indicators were not well defined, while 100% were not verifiable. This was because management was not trained in the FMPPi requirements and proper technical data descriptions for indicators were not specified. Furthermore a proper system to collect core data on a consistent basis and a process to analyse this information was not in place.

##### **Reliability of reported performance information**

28. The FMPPi requires department to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. We were unable to obtain the information and explanations we considered necessary to satisfy ourselves as to the reliability of the reported performance information. This was due to a lack of standard operating procedures for the accurate recording of actual achievements, a lack of technical indicator descriptions for the accurate measurement, recording and monitoring of performance and the fact that the department could not provide sufficient appropriate evidence in support of the reported performance information.

#### **Local economic development**

##### **Usefulness of reported performance information**

29. The FMPPi requires that performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. It must further be possible to validate the processes and systems that produce the indicator, meaning the indicator must be verifiable. A total of 100% of the indicators were not well defined, while 100% were not verifiable. This was because management was not trained in the FMPPi requirements and proper technical data descriptions for indicators were not specified. Furthermore a proper system to collect core data on a consistent basis and a process to analyse this information was not in place.

##### **Reliability of reported performance information**

30. The FMPPi requires department to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. We were unable to

obtain the information and explanations we considered necessary to satisfy ourselves as to the reliability of the reported performance information. This was due to a lack of standard operating procedures for the accurate recording of actual achievements, a lack of technical indicator descriptions for the accurate measurement, recording and monitoring of performance and the fact that the department could not provide sufficient appropriate evidence in support of the reported performance information.

### **Municipal financial viability**

#### **Usefulness of reported performance information**

31. The FMPPi requires that performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. It must further be possible to validate the processes and systems that produce the indicator, meaning the indicator must be verifiable. A total of 100% of the indicators were not well defined, while 100% were not verifiable. This was because management was not trained in the FMPPi requirements and proper technical data descriptions for indicators were not specified. Furthermore a proper system to collect core data on a consistent basis and a process to analyse this information was not in place.

#### **Reliability of reported performance information**

32. The FMPPi requires department to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. We were unable to obtain the information and explanations we considered necessary to satisfy ourselves as to the reliability of the reported performance information. This was due to a lack of standard operating procedures for the accurate recording of actual achievements, a lack of technical indicator descriptions for the accurate measurement, recording and monitoring of performance and the fact that the department could not provide sufficient appropriate evidence in support of the reported performance information.

### **Additional matters**

33. I draw attention to the following matters:

#### **Achievement of planned targets**

34. Refer to the annual performance report on pages 35 to 79 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected objectives reported in paragraphs 25 to 31 of this report.

#### **Unaudited supplementary schedules**

35. The supplementary information set out on pages 306 to 312 does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.

### **Compliance with legislation**

36. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related



matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

#### **Annual report and annual financial statements**

37. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

#### **Budget**

38. Expenditure was incurred in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the MFMA.

#### **Expenditure management**

39. Reasonable steps were not taken to prevent unauthorised and irregular expenditure, as required by section 62(1)(d) of the MFMA.

#### **Human resources management**

40. Job descriptions were not established for all posts in which appointments were made in the current year, in contravention of section 66(1)(b) of MSA.
41. Sufficient appropriate audit evidence could not be obtained that the senior managers dismissed for financial misconduct in a previous position and re-appointed before the expiry of 10 years in contravention of section 57A of the MFMA.

#### **Consequence management**

42. Unauthorised and irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, in accordance with the requirements of section 32(2) of the MFMA.
43. Investigations were not instituted into all allegations of financial misconduct against officials of the municipality, as required by section 171(4)(a) of the MFMA.

#### **Audit committee**

44. The audit committee did not advise the council and accounting officer on matters relating to internal financial control and internal audits, risk management, accounting policies, effective governance, performance management, performance evaluation as required by section 166(2)(a) of the MFMA.
45. The municipality did not provide the audit committee with the consolidated and separate financial statement on time to enable them to review the annual financial statements and to provide the council with an authoritative and credible view of the financial position of the municipality, its efficiency and effectiveness and its overall level of compliance with legislation, as required by section 166(2)(b) of the MFMA.
46. The audit committee did not respond to the council on the issues raised in the audit reports of the auditor-general, as required by section 166(2)(c) of the MFMA.
47. The audit committee did not meet at least four times a year to discuss matters relating to the subsidiary, as required by section 166(4)(b) of the MFMA.



48. The performance audit committee did not review all the quarterly internal audit reports on performance measurement, as required by regulation 14(4)(a)(i) of the Municipal planning and performance management regulations (MPPMR), due to the inability of the municipality to provide the required reports and information on time.
49. The audit committee did not review the municipality's performance management system and make recommendations to the council, as required by regulation 14(4)(a)(ii) of the MPPMR due to the inability of the municipality to implement sufficient appropriate system with the necessary reporting functionality.
50. The performance audit committee did not submit, at least twice during the financial year, an audit report on the review of the performance management system to the council, as required by regulation 14(4)(a)(iii) of the MPPMR, due to the inability of the municipality to provide the required reports and information on time.

#### **Internal audit**

51. The internal audit unit did not function, pertaining to matters relating to the subsidiary, as required by section 165(2) of the MFMA, in that:
  - It did not prepare a risk-based audit plan and an internal audit programme for the financial year under review
  - It did not report to the audit committee on the implementation of the internal audit plan
  - It did not advise the accounting officer and report to the audit committee on matters relating to internal audit, internal controls, accounting procedures and practices, risk and risk management
52. The internal audit unit did not advise the accounting officer and report to the audit committee on matters relating to compliance with the MFMA and other applicable legislation of the subsidiary, as required by section 165(2)(b)(vii) of the MFMA.

#### **Procurement and contract management**

53. Goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).
54. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.
55. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA.
56. Awards were made to providers who are in the service of other state institutions or whose directors or principal shareholders are in the service of other state institutions, in contravention of section 112(j) of the MFMA and SCM regulation 44.
57. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, as required by SCM regulation 46(2)(e).

#### **Strategic planning and performance**

58. The municipality did not give effect to its integrated development plan, as required by section 36 of the MSA, section 21(2)(a) of the MFMA and regulation 6 of the MPPMR.
59. The municipality did not establish mechanisms to monitor and review its performance management system, as required by section 40 of the MSA.

60. The performance management system did not provide for the monitoring, measuring and review of performance at least once per year, as required by section 41 of the MSA.
61. Key performance indicators, including input, output and outcome indicators, in respect of each of the development priorities and objectives were not set out in the IDP, as required by section 41(1)(a) of the MSA and regulations 1 and 9(1)(a) of the MPPMR.
62. Measurable performance targets for the financial year with regard to each of the development priorities or objectives and key performance indicators were not set in the IDP, as required by section 41(1)(b) of the MSA and regulations 12(1) and 12(2)(e) of the MPPMR.
63. The performance management system did not provide for steps of improvement where performance targets were not met, as required by section 41 (1)(d) of the MSA.
64. Revisions to the service delivery and budget implementation plan were not approved by the council after the approval of the adjustments budget, as required by section 54(1)(c) of the MFMA.
65. The performance management system and related controls were not in place as it did not describe and represent the processes of performance planning, monitoring, measurement, review, reporting, improvement and how it is conducted, organised and managed, including determining the roles of the different role-players, as required by sections 38 of the MSA and regulation 7 of the MPPMR.

#### **Waste management**

66. The municipality operated its waste disposal sites without a license in contravention of section 20(b) of the National Environmental Management Waste Act, 2008 (Act No. 59 of 2008) (NEMWA), section 24(2)(a) of the National Environmental Management Act, 1998 (Act No. 107 of 1998) (NEMA).
67. The municipality's operational activities at its waste disposal sites(s) and wastewater treatment facility(s) contravened or failed to comply with the requirements of a waste management license, section 67(1)(f) and (h) of the NEMWA and section 151(1)(c) and (i) of the NWA.
68. The municipality's waste management and disposal activities contravened or failed to comply with the requirements of section 28(1) of the NEMA, section 19 of the NWA and sections 16(1)(c) and (d) and 26(1)(b) of the NEMWA.
69. The municipality did not exercise its legislative and executive authority as required by section 11(3)(l) and (m) of the MSA by managing, enforcing environmental related bylaws to promote a safe and healthy environment.

#### **Internal control**

70. I considered internal control relevant to my audit of the financial statements, performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, the findings on the performance report and the findings on non-compliance with legislation included in this report.

#### **Leadership**

71. The council did not adequately utilise the audit committee and the municipal public accounts committee during the year to support the municipality in its quest towards clean administration. Furthermore, there was limited report-back regarding the corrective action plans to the council from these oversight and support structures.

#### **Financial and performance management**



72. Proper record keeping and the enforcement of policies and procedures still pose a problem for the municipality. Again, this resulted in information not being available on request which is also the underlying reason for the organisations inability to compile accurate and complete financial statements as several significant amendments were made during the audit. Furthermore the municipality do not have adequate skilled staff and systems in place to support the monitoring and tracking of critical programs and objectives, which includes an immovable, movable, roads and contract management systems. Most of the registers and systems are based on stand-alone excel spread sheets, which is not sufficient to support the municipalities information needs.

### **Governance**

73. The audit committee did not adequately impact upon the procedures and operations of the municipality to resolve all the matters that arose during the previous audit report. This was due to the governance structures operating in a vacuum with limited support from the municipality while council did not establish a relationship with the audit committee to effectively act upon their recommendations.

Rustenburg  
11 December 2014



**A U D I T O R - G E N E R A L**  
**S O U T H   A F R I C A**

*Auditing to build public confidence*

# **RUSTENBURG LOCAL MUNICIPALITY**

## **ANNUAL FINANCIAL STATEMENTS**

**for the year ended 30 June 2014**





**RUSTENBURG LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2014**

**REPORT OF THE CHIEF FINANCIAL OFFICER**

**1. INTRODUCTION**

It gives me great pleasure to present the financial position of Rustenburg Local Municipality at 30 June 2014 and the results of its operations and cash flows for the year then ended.

These Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2010/11 financial period is set out in Directive 5 issued by the ASB on 11 March 2009.

**2. KEY FINANCIAL INDICATORS**

The following indicators are self-explanatory. The percentages of expenditure categories are well within acceptable norms and indicate good governance of the funds of the municipality.

**Financial Statement Ratios:**

INDICATOR	2013	2014
Surplus / (Deficit) before Appropriations	281 612 652	(71 659 601)
Surplus / (Deficit) at the end of the Year	6 855 469 600	6 783 809 999
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	14.86%	14.55%
Remuneration of Councillors	0.80%	0.77%
Collection Costs	0.68%	0.54%
Depreciation and Amortisation	13.64%	10.09%
Impairment Losses	0.01%	13.04%
Repairs and Maintenance	5.34%	4.50%
Interest Paid	0.50%	0.45%
Bulk Purchases	37.67%	41.46%
Contracted Services	5.44%	7.62%
Grants and Subsidies Paid	0.04%	0.01%
General Expenses	21.02%	6.96%
Current Ratio:		
Creditors Days	65	52
Debtors Days	97	68

**3. OPERATING RESULTS**

Details of the operating results per segmental classification of expenditure are included in Appendix "D".

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results per category of expenditure, together with an explanation of significant variances of more than 10% from budget, are included in Appendix "E (1)".

The services offered by Rustenburg Local Municipality can generally be classified as Rates and General, Economic and Trading Services and are discussed in more detail below.

The overall operating results for the year ended 30 June 2014 are as follows:

DETAILS	Actual 2012/13 R	Actual 2013/14 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
<b>Income:</b>					
Opening surplus / (deficit)	6 677 637 101	6 855 469 600	2.59%	-	-
Operating income for the year	3 125 893 544	3 457 524 355	9.59%	4 085 996 550	-15.38%
Appropriations for the year	(14 181 908)	(120 110 705)	88.19%	-	-
	9 861 714 842	10 192 883 250	3.25%	4 085 996 550	149%
<b>Expenditure:</b>					
Operating expenditure for the year	2 953 275 689	3 529 183 956	19.50%	3 477 115 921	-1%
Sundry transfers	-	-	-	-	-
Closing surplus / (deficit)	6 855 469 600	6 783 809 999	-1.05%	913 528 770	-643%
	9 861 714 842	10 312 993 955	4.58%	3 523 273 137	-193%

<b>4. RECONCILIATION OF BUDGET TO ACTUAL</b>		
<b>4.1 Operating Budget:</b>		
<b>DETAILS</b>	<b>2013</b>	<b>2014</b>
<i>Variance per Category:</i>		
Budgeted surplus before appropriations		
Revenue variances	(397 379 593)	(628 472 195)
Expenditure variances:		
Employee Related Costs	(15 334 952)	(29 392 712)
Remuneration of Councillors	1 774 959	(56 600)
Collection Costs	(10 952)	(213 064)
Depreciation and Amortisation	(293 661 316)	31 497 261
Impairment Losses	101 012 267	(255 071 175)
Repairs and Maintenance	2 938 020	3 079 017
Interest Paid	(2 718 952)	8 651 577
Bulk Purchases	153 030 878	173 386 837
Contracted Services	10 227 200	27 020 128
Grants and Subsidies Paid	1 610 318	(499 194)
General Expenses	(302 398 792)	(10 470 110)
Loss on disposal of Property, Plant and Equipment	-	-
Actual surplus before appropriations	172 617 855	(680 540 230)
<p>Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results per category of expenditure, together with a criptic explanation of significant variances of more than 10% from budget, are included in Appendix "E (1)".</p>		
<b>5. ACCUMULATED SURPLUS</b>		
<p>The balance of the Accumulated Surplus as at 30 June 2014 amounted to R6 783 809 999 (30 June 2013: R6,860,681,058,26) and is made up of:</p>		
Accumulated Surplus		6 783 809 999
		<u>6 783 809 999</u>
<p>The municipality, in conjunction with its own capital requirements and external funds (external loans and grants) is able to finance its annual infrastructure capital programme.</p> <p>Refer to Note 22 and the Statement of Change in Net Assets for more detail.</p>		
<b>6. LONG-TERM LIABILITIES</b>		
<p>The outstanding amount of Long-term Liabilities as at 30 June 2014 was R260 810 914 (30 June 2013: R86 924 000).</p> <p>Refer to Note 19 and Appendix "A" for more detail.</p>		
<b>7. RETIREMENT BENEFIT LIABILITIES</b>		
<p>The outstanding amount of Retirement Benefit Liabilities as at 30 June 2014 was R166 878 642 (30 June 2013: R135 421 829).</p> <p>This liability is in respect of continued Health Care Benefits for employees of the municipality after retirement being members of</p> <p>Refer to Note 20 for more detail.</p>		
<b>8. NON-CURRENT PROVISIONS</b>		
Provision for Long-term Service		21 236 573
Provision for Rehabilitation of Land-fill Sites		17 143 225
		<u>38 379 798</u>
<p>These provisions are made in order to enable the municipality to be in a position to fulfill its known legal obligations when they become due and payable.</p> <p>Refer to Note 21 for more detail.</p>		

## 9. CURRENT LIABILITIES

Current Liabilities amounted R937 410 356 as at 30 June 2014 (30 June 2013: R1 013 712 526) and is made up as follows:

Consumer Deposits	Note 14	25 906 811
Provisions	Note 15	16 938 368
Payables	Note 16	543 938 241
Unspent Conditional Grants and Receipts	Note 17	320 833 273
VAT Payable	Note 18	96 721 879
Current Portion of Long-term Liabilities	Note 19	9 373 953
		<u>1 013 712 526</u>

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Notes for more detail.

## 10. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R7 042 887 124 as at 30 June 2014 (30 June 2013: R6 441 787 468).

Refer to Note 9 and Appendices "B, C and E (2)" for more detail.

## 11. INTANGIBLE ASSETS

The net value of Intangible Assets were R1 331 622 as at 30 June 2014 (30 June 2013: R1 613 237).

These are assets which cannot physically be identified and verified and are in respect of computer software obtained by the municipality in order to be able to fulfil its duties as far as service delivery is concerned.

Refer to Note 10 and Appendix B for more detail.

## 12. INVESTMENT PROPERTIES

The net value of Investment Properties were R239 654 072 as at 30 June 2014 (30 June 2013: R259 820 353).

Refer to Note 11 and Appendix "B" for more detail.

## 13. NON-CURRENT INVESTMENTS

The municipality held Investments to the value of R820 508 as at 30 June 2014 (30 June 2013: R611 489).

The bulk of these investments are ring-fenced for purposes of the Capital Replacement Reserve, Unspent Conditional Grants and

Refer to Note 12 for more detail.

## 14. CURRENT ASSETS

Current Assets amounted R900 071 905 as at 30 June 2014 (30 June 2013: R1 424 763 682) and is made up as follows:

Inventories	Note 2	23 884 942
Non-current Assets Held-for-Sale	Note 3	56 917 471
Receivables from Exchange Transactions	Note 4	614 884 823
Receivables from Non-exchange Transactions	Note 5	73 722 303
VAT Receivable	Note 6	-
Cash and Cash Equivalents	Note 7	654 680 129
Operating Lease Assets	Note 8	642 164
Current Portion of Finance Lease Receivables	Note 13	31 850
		<u>1 424 763 682</u>

The increase in the amount for Current Assets is mainly due to the increased amount held in Bank and Cash Equivalents.

Refer to the indicated Notes for more detail.

## 15. INTER-GOVERNMENTAL GRANTS

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating

Refer to Note 24 and Appendix "F" for more detail.

## 16. EVENTS AFTER THE REPORTING DATE

Full details of all known events, if any, after the reporting date are disclosed in Note 50.

## 17. EXPRESSION OF APPRECIATION

We are grateful to the Mayor, members of the Executive Committee, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.

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CHIEF FINANCIAL OFFICER  
30 September 2014

RUSTENBURG LOCAL MUNICIPALITY			
STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2014			
	Note	2014 R	Actual 2013 R
<b>ASSETS</b>			
<b>Current Assets</b>		<b>900 071 905</b>	<b>1 424 763 682</b>
Inventories	2	32 455 057	23 884 942
Non-current Assets Held-for-Sale	3	41 437 471	56 917 471
Receivables from Exchange Transactions	4	274 563 124	614 884 823
Receivables from Non-exchange Transactions	5	42 283 548	73 722 303
VAT Receivable	6	83 581 616	
Cash and Cash Equivalents	7	424 978 610	654 680 129
Operating Lease Receivables	8	720 697	642 164
Current Portion of Finance Lease Receivables	13	51 782	31 850
<b>Non-Current Assets</b>		<b>7 287 217 803</b>	<b>6 706 423 449</b>
Property, Plant and Equipment	9	7 042 887 124	6 441 787 468
Intangible Assets	10	1 331 622	1 613 237
Investment Property	11	239 654 072	259 820 353
Non-current Investments	12	820 508	611 489
Finance Lease Receivables	13	2 524 477	2 590 902
<b>Total Assets</b>		<b>8 187 289 708</b>	<b>8 131 187 131</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>937 410 356</b>	<b>1 013 712 526</b>
Consumer Deposits	14	26 452 937	25 906 811
Provisions	15	19 519 423	16 938 368
Payables	16	462 284 755	543 938 241
Unspent Conditional Grants and Receipts	17	399 028 329	320 833 273
VAT Payable	18	-	96 721 879
Current Portion of Long-term Liabilities	19	30 124 912	9 373 953
<b>Non-Current Liabilities</b>		<b>466 069 354</b>	<b>262 005 006</b>
Long-term Liabilities	19	260 810 914	86 924 000
Retirement Benefit Liabilities	20	166 878 642	135 421 829
Non-current Provisions	21	38 379 798	39 659 177
<b>Total Liabilities</b>		<b>1 403 479 710</b>	<b>1 275 717 532</b>
<b>Total Assets and Liabilities</b>		<b>6 783 809 998</b>	<b>6 855 469 600</b>
<b>NET ASSETS</b>		<b>6 783 809 998</b>	<b>6 855 469 600</b>
Accumulated Surplus / (Deficit)	22	6 783 809 998	6 855 469 600
<b>Total Net Assets</b>		<b>6 783 809 998</b>	<b>6 855 469 600</b>

RUSTENBURG LOCAL MUNICIPALITY				
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014				
2014 Adjusted			Actual	
R	Note		2 014	2 013
		R	R	
<b>REVENUE</b>				
<b>Revenue from Non-exchange Transactions</b>				
178 353 737	Property Rates	23	176 950 820	171 818 639
13 854 409	Fines		37 793 658	12 413 304
11 819 215	Licences and Permits		9 812 782	10 589 825
9 977 078	Income for Agency Services		16 568 027	14 670 282
1 432 487 733	Government Grants and Subsidies Received	24	1 116 300 305	995 310 624
<b>Revenue from Exchange Transactions</b>				
2 205 997 730	Service Charges	25	1 853 885 430	1 713 702 320
15 364 052	Rental of Facilities and Equipment	26	6 440 323	5 725 552
22 298 737	Interest Earned - External Investments	27	27 859 662	53 558 462
125 090 456	Interest Earned - Outstanding Debtors	27	112 994 345	76 573 102
-	Dividends Received			-
40 681 796	Other Income	28	88 459 337	182 921 638
30 071 607	Gains on Disposal of Property, Plant and Equipment		10 459 667	1 468 275
<b>4 085 996 550</b>	<b>Total Revenue</b>		<b>3 457 524 355</b>	<b>3 238 752 023</b>
<b>EXPENDITURE</b>				
484 177 000	Employee Related Costs	29	513 569 712	438 995 255
27 181 404	Remuneration of Councillors	30	27 238 004	23 721 452
18 900 000	Collection Costs		19 113 064	19 962 962
387 612 451	Depreciation and Amortisation	31	356 115 190	400 472 451
205 000 000	Impairment Losses	32	460 071 175	326 609
161 916 682	Repairs and Maintenance		158 837 665	161 386 931
24 370 865	Finance Costs	33	15 719 288	14 633 154
1 636 662 959	Bulk Purchases	34	1 463 276 122	1 112 588 973
296 119 026	Contracted Services	35	269 098 898	160 791 554
-	Grants and Subsidies Paid	36	499 194	1 102 302
235 175 534	General Expenses	37	245 645 644	623 157 727
	Loss on Disposal of Property, Plant and Equipment			-
<b>3 477 115 921</b>	<b>Total Expenditure</b>		<b>3 529 183 956</b>	<b>2 957 139 371</b>
<b>608 880 629</b>	<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>(71 659 601)</b>	<b>281 612 652</b>
Refer to Note 49 for explanation of budget variances				

RUSTENBURG LOCAL MUNICIPALITY		
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2014		
Description	Accumulated Surplus/(Deficit) Account	Total for Accumulated Surplus/(Deficit) Account
<b>2012</b>		
Balance at 30 June 2012	6 677 637 101	6 677 637 101
Correction of Prior year error: 2012/13	(154 882 353)	(154 882 353)
Correction of Prior year error: 2011/12	51 102 199	51 102 199
<b>Restated 30 June 2012</b>	<b>6 573 856 948</b>	<b>6 573 856 948</b>
<b>2013</b>		
<b>Restated Balance</b>	<b>6 573 856 948</b>	<b>6 573 856 948</b>
Surplus / (Deficit) for the year	281 612 652	281 612 652
Movement on the Reserves	-	-
<b>Balance at 30 June 2013</b>	<b>6 855 469 600</b>	<b>6 855 469 600</b>
<b>2014</b>		
<b>Restated Balance</b>	<b>6 855 469 600</b>	<b>6 855 469 600</b>
Surplus / (Deficit) for the year	(71 659 601)	(71 659 601)
	-	-
<b>Balance at 30 June 2014</b>	<b>6 783 809 999</b>	<b>6 783 809 999</b>
Details on the movement of the Funds are set out in Note 22.		

RUSTENBURG LOCAL MUNICIPALITY			
STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE 2014			
	Note	2014 R	Actual 2013 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property Rates	23	208 389 575	144 004 860
Grants	24	1 194 495 362	819 935 141
Public Contributions and Donations		-	(220 415)
Service Charges	25	2 144 307 085	1 648 809 354
Income from Agency Fees		16 568 027	14 670 282
Licences and Permits		9 812 782	10 589 825
Fines		9 196 458	8 687 531
Interest Received	27	27 859 662	53 558 462
Other Receipts		88 459 337	224 585 450
<b>Payments</b>			
Employee Related Costs	29	(478 604 818)	(419 551 587)
Remuneration of Councillors	30	(27 238 004)	(23 721 452)
Interest Paid	33	(15 719 288)	(14 633 154)
Suppliers Paid		(1 732 375 020)	(1 273 380 527)
Other Payment		(956 820 404)	(516 212 649)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>488 330 754</b>	<b>677 121 121</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>488 330 754</b>	<b>677 121 121</b>
Purchase of Property, Plant and Equipment	9	(940 846 068)	(900 644 048)
Purchase of Intangible Assets	11	-	-
Purchase of Investment Property	12	-	-
Purchase of Heritage Assets	13	-	-
Proceeds on Disposal of Property, Plant and Equipment		28 175 922	794 054
Decrease / (Increase) in Non-current Investments	12		
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(912 670 146)</b>	<b>(899 849 994)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of Borrowings	19	(5 362 128)	(4 151 785)
Proceeds on Borrowings		200 000 000	
Decrease/ (Increase) in finance lease receivable		-	14 642
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>194 637 872</b>	<b>(4 137 143)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIV.</b>	<b>7</b>	<b>(229 701 520)</b>	<b>(226 866 017)</b>
Cash and Cash Equivalents at Beginning of Period		654 680 130	881 546 146
Cash and Cash Equivalents at End of Period		424 978 610	654 680 130

**RUSTENBURG LOCAL MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2014**

The following are the principal accounting policies of which are, in all material respects, consistent with those applied in the previous year. The historical cost convention has been used, except where indicated otherwise. Management has used assessments and estimates in preparing the annual financial statements – these are based on the best information available at the time of preparation. The financial statements have been prepared on a going concern basis.

**1 BASIS OF PRESENTATION**

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

**2 CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS**

In the process of applying the Municipality's accounting policies, management has made the following significant accounting judgments, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial

2.1 Post-employment medical benefits

The cost of post-employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future medical fund contribution increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

2.2 Impairment of trade receivables

The calculation in respect of the impairment of trade receivables is based on an assessment of the extent to which trade receivables have defaulted on payments already due, and an assessment of their ability to make payments based on the history of payments made for municipal services over the last twelve months. This was performed per significant trade receivables first and then for all classes of trade receivables.

2.3 Useful Life

The useful lives of assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time. It is a subjective estimate based on management's experience.

2.4 Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions, and when measuring contingent liabilities, as set out in subsequent notes to the financial statements. Provisions are discounted where the effect of discounting is material using actuarial valuations.

2.5 Budget information

Deviations between budget and actual amounts are regarded as material differences when a 5% deviation exists. All material differences are explained in the notes to the annual financial statements

2.6 Standards, amendments to standards and interpretations issued but not yet effective.

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

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

GRAP 32, Service Concession Arrangements: Grantor; and  
GRAP 108, Statutory Receivables have been excluded from the list  
GRAP 18 Segment Reporting - issued March 2005  
GRAP 20 Related Party Disclosures (Revised)  
GRAP 105 Transfers between entities under common control - issued November 2010  
GRAP 106 Transfers between entities not under common control - issued November 2010  
GRAP 107 Mergers - issued November 2010

**2 CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS (CONTINUED)**

The ASB Directive 5 paragraph 29 sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy, as set out in the standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

The Municipality applied the principles established in the following Standards of GRAP that have been issued, but is not yet in effect, in developing an appropriate accounting policies dealing with the following transactions, but have not early adopted these Standards:

GRAP 25 - Employee Benefits

Management has considered the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

**3 PRESENTATION CURRENCY**

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand, which is the municipality's functional currency.

**4 GOING CONCERN ASSUMPTION**

The Annual Financial Statements have been prepared on a going concern basis.

**5 OFFSETTING**

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.



## **6 PROPERTY, PLANT AND EQUIPMENT**

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

The cost of an item of property, plant and equipment is recognised as an asset when:

- It is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- The cost of the item can be measured reliably.

Property, plant and equipment are initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment, which are expected to be used for more than one period, are included in property, plant and equipment. In addition, spare parts and stand by equipment, which can only be used in connection with an item of property, plant, and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets and commences when an asset is ready for its intended use.

**PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	<u>YEARS</u>
<u>Infrastructure</u>	
Roads	30
Paving	20
Electricity	20 - 30
Water	15 - 20
Sewerage	20 - 30
<i>Housing</i>	30
<i>Buildings</i>	30
<u>Other</u>	
Other vehicles	5
Office equipment	7
Computer equipment & software	5
Specialist vehicles	7
Security	5
Furniture and fittings	7
Bins and containers	5
Specialised plant and equipment	15
Other items of plant and equipment	5
Landfill sites	30
<u>Community</u>	
Buildings	30
Recreational Facilities	20 - 30

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

The useful life and residual value of assets are assessed annually to determine the appropriateness of management's initial estimate. If the expectations differ from the previous estimates, the change is accounted for as a change in accounting estimate.

Residual values are applied to the following classes at the specified rates: Vehicles: 30% of the original cost price  
Furniture, fittings and office equipment: 10% of the original cost price  
Computers: 10% of the original cost price  
Infrastructure: Nil, due to the fact that it is not the intention to ever sell infrastructure assets.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

**7 HERITAGE ASSETS**

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held and preserved indefinitely for the benefit of present and future generations.

A heritage asset that qualifies for recognition as an asset shall be measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

## 8 INVESTMENT PROPERTY

Investment properties are held to earn rental income, and for capital appreciation, and are stated at cost less accumulated depreciation. Investment properties are written down for impairment where considered necessary.

Investment property excludes owner-occupied property that is used in the production or supply of goods or services, or for administrative purposes, or property held to provide a social service.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- A building owned by the entity (or held by the entity under a finance lease) and leased out under one or more operating leases (this will include the property portfolio rented out by the Housing Board on a commercial basis on behalf of the municipality); and
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-Current Assets Held for Sale, as appropriate:

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- Property being constructed or developed on behalf of third parties;
- Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- Property that is being constructed or developed for future use as investment property;
- Property that is leased to another entity under a finance lease;
- Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc; and
- Property held for strategic purposes or service delivery.

### Subsequent Measurement - Cost Model

Investment property is measured using the cost model. Investment Property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is estimated at 20 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## 9 NON CURRENT ASSETS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated or amortised while it is classified as held for sale.

## 10 INTANGIBLE ASSETS

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction its initial cost at the date of acquisition is measured at its fair value as at that date.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write down the intangible assets to their residual values as follows:

Item Useful life Licenses and franchises 3 years Computer software  
Computer software, other 3 years

Intangible assets are derecognised: ☐ on disposal; or ☐ when no future economic benefits or service potential are expected from its use or disposal.

## 11 IMPAIRMENT OF ASSETS

The entity classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. All other assets are classified as non-cash-generating assets.

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

#### **IMPAIRMENT OF ASSETS (Continued)**

An impairment loss is recognised for non cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit , pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

#### **12 INVESTMENTS IN CONTROLLED ENTITIES**

##### **Investment in Municipal Entities**

Investments in municipal entities under the ownership control of the Municipality are carried at cost. Separate Consolidated Annual Financial Statements are prepared to account for the Municipality's share of net assets and post-acquisition results of these investments, whilst eliminating transactions between the municipality and the entity.

The fair value of, at the date of acquisition or transfer of functions, of assets given, liabilities incurred or assumed, and equity instruments issued by the entity; and

Any costs directly attributable to the purchase of the controlled entity.

#### **13 INVENTORIES**

Consumable stores, raw materials, work-in-progress and finished goods are initially valued at cost and subsequently valued at the lower of cost and net realisable value. In general, the basis of determining cost is the first-in, first-out method.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write- down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Water is regarded as inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, and is under the control of the municipality but can not be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the statement of financial position.

The basis of determining the cost of water purchased and not yet sold at statement of financial position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates.

Water are valued by using the (FIFO / weighted average) method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

#### **14 FINANCIAL INSTRUMENTS**

##### Initial recognition

Financial assets and financial liabilities are recognised on the entity's Statement of Financial Position when the entity becomes party to the contractual provisions of the instrument

The Entity does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist; and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

##### Financial Assets - Classification

A financial asset is any asset that is a cash or contractual right to receive cash.

The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Loans to/from Municipal Entities. These are recognised at cost.

##### Investment in Municipal Entities

Separate Consolidated Annual Financial Statements are prepared to account for the Municipality's share of net assets and post-acquisition results of these investments, whilst eliminating transactions between the municipality and the entity.

## **FINANCIAL INSTRUMENTS (Continued)**

### Trade receivables

Trade receivables are recognised at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of the trade receivables.

The provision is made in accordance with IAS 39.64 whereby the recoverability of trade receivables is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group.

Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period.

Government accounts are not provided for as such accounts are regarded as receivable.

### Cash and cash equivalents

These are initially and subsequently recorded at fair value. For cash flow purposes, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. These are subject to an insignificant risk of changes in value.

### Financial Liabilities - Classification

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

#### Creditors

Trade payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

#### Borrowings and other financial liabilities

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. The Municipality does not hold financial loans for trading purposes.

Any other financial liabilities are classified as "Other financial liabilities" in accordance with IAS 39.09

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

#### Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

#### Derecognition of Financial Liabilities

"The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance."

## **15 REVENUE RECOGNITION**

### *14.1 Revenue from Exchange Transactions*

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest, royalties and dividends:

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

## **REVENUE RECOGNITION (Continued)**

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or their equivalents are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportion basis.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

### *13.2 Revenue from non-exchange transactions*

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

An inflow of resources from a non-exchange transaction, that meets the definition of an asset shall be recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the fair value of the asset can be measured reliably. The asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

A present obligation arising from a non-exchange transaction that meets the definition of a liability will be recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### Rates, including collection charges and penalties interest

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

### Fines

Revenue from the issuing of fines is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

The municipality has two types of fines: spot fines and summonses. The municipality recognise the full amount of revenue at the transaction date. Subsequent to initial recognition and measurement, the municipality assess the collectability of the revenue and recognise an impairment loss.

## **REVENUE RECOGNITION (Continued)**

### Government grants

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential based on the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

When government remit grants on a reimbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

### Other grants and donations

Other grants and donations are recognised as revenue when the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met.

- It is probable that the economic benefits or service e potential associated with the transaction will flow to the municipality;
- The amount of the revenue can be measured reliably; and
- To the extent that there has been compliance with any restrictions associated with the grant.

If goods in kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

## **16 PROVISIONS**

Provisions are recognised when:

- The municipality has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

The best estimate of the expenditure required to settle the present obligation is the amount that an entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the entity, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

**PROVISIONS (CONTINUED)**

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required settling a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed as a note to enable users to determine the risks involved.

**17 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**18 IRREGULAR EXPENDITURE**

Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

**19 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**20 FOREIGN CURRENCIES**

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

**21 LEASES**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.



## **LEASES (CONTINUED)**

### **20.1 The Municipality as Lessee**

#### **Finance leases**

Where the Municipality enters into a finance lease, Property, plant and equipment or Intangible Assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

#### **Operating leases**

The municipality recognises operating lease rentals as an expense in the statement of financial performance on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability

### ***21.2 The Municipality as Lessor***

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

#### **Determining whether an arrangement contains a lease**

At inception of an arrangement, the Municipality determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Municipality the right to control the use of the underlying asset.

## **22 RETIREMENT BENEFITS**

### **Short-term employee benefits**

The cost of short term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments because of past performance.

### **Defined contribution plans**

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to industry managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

## **RETIREMENT BENEFITS (Continued)**

### Defined benefit plans

For defined benefit plans, the cost of providing the benefits is determined using the projected credit method. Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. Consideration is given to any event that could affect the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight-line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognised when the municipality is demonstrably committed to curtailment or settlement. When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

### Other post retirement obligations

The municipality provides post retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

## **23 BORROWING COSTS**

The municipality capitalises borrowing costs incurred that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset only when the commencement date for capitalisation is on or after 1 July 2008, while all other borrowing costs incurred (including borrowing cost incurred on qualifying assets where the commencement date for capitalisation is prior to 1 July 2008) are recognised as an expense in the Statement of Financial Performance for the financial year ending 30 June 2012 in accordance with the requirements of GRAP 5. To the extent that an entity borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditure on that asset.

The capitalisation rate shall be the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs that an entity capitalises during a period shall not exceed the amount of borrowing costs it incurred

## **24 GRANTS-IN-AID**

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

## **25 VALUE ADDED TAX**

The Municipality is registered with SARS for VAT on the payments basis, in accordance with Sec15(2)(a) of the Value-Added Tax Act No 89 of 1991.

## **26 RELATED PARTIES**

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

## **27 EVENTS AFTER THE REPORTING DATE**

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

## **28 COMPARATIVE INFORMATION**

### 27.1 Current year comparatives:

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the notes to the annual financial statements giving firstly reasons for overall growth or decline in the budget and secondly motivations for over- or under spending on line items.

### 27.2 Prior year comparatives:

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

## **29 CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

"Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements."

## **30 TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES**

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

## **31 CAPITAL COMMITMENTS**

Items are classified as commitments where the Municipality commits itself to future transactions that will normally result in the outflow of resources.

Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes in the following cases:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.
- Other commitments for contracts that are non-cancellable or only cancellable at significant cost contracts should relate to something other than the business of the municipality.

**RUSTENBURG LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	2014 R	2013 R		
<b>1. GENERAL INFORMATION</b>				
Rustenburg Local Municipality (the municipality) is a local government institution in Rustenburg, North West Province. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Municipal Finance Management Act (MFMA).				
<b>2. INVENTORIES</b>				
Consumable Stores - at cost	32 114 160	22 920 715		
Water - at cost	340 898	964 226		
<b>Total Inventories</b>	<b>32 455 058</b>	<b>23 884 941</b>		
This reconciliation consists of consumables stores, maintenance materials and spare parts.				
Inventories are held for own use with the result that no write downs of Inventory to Net Realisable Value were required.				
<b>3. NON-CURRENT ASSETS HELD-FOR-SALE</b>				
Opening	56 917 471	86 611 471		
Property Held-for-Sale - Transfer from PPE				
Property Held-for-Sale - Sold	(15 480 000)	(29 694 000)		
<b>Total Non-current Assets Held-for-Sale</b>	<b>41 437 471</b>	<b>56 917 471</b>		
<b>Liabilities associated with Non-current Assets Held-for-Sale</b>				
		-		
<b>Net Non-current Assets Held-for-Sale</b>	<b>41 437 471</b>	<b>56 917 471</b>		
<b>4. RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>				
	<b>Gross Balances R</b>	<b>Provision for Impairment R</b>	<b>Net Balances R</b>	
<b>As at 30 June 2013</b>				
Service Debtors:	1 284 204 554	872 578 220	411 626 334	
Electricity	420 640 022	285 812 194	134 827 827.59	
Refuse	159 599 730	108 443 198	51 156 532	
Sewerage	131 713 960	89 495 659	42 218 301	
Water	572 250 843	388 827 169	183 423 674	
Other Receivables	505 923 430	352 564 985	153 358 445	
Other Debtors	505 923 430	352 564 985	153 358 445	
<b>Total Receivables from Exchange Transactions</b>	<b>1 790 127 984</b>	<b>1 225 143 205</b>	<b>564 984 779</b>	
	<b>Gross Balances R</b>	<b>Provision for Impairment R</b>	<b>Net Balances R</b>	
<b>As at 30 June 2014</b>				
Service Debtors:	1 411 925 463	1 208 644 986	203 280 477	
Electricity	430 579 076	368 586 909	61 992 168	
Refuse	188 617 718	161 461 681	27 156 037	
Sewerage	153 207 508	131 149 619	22 057 889	
Water	639 521 161	547 446 777	92 074 384	
Other Receivables	621 181 552	549 898 905	71 282 647	
Other Debtors	621 181 552	549 898 905	71 282 647	
<b>Total Receivables from Exchange Transactions</b>	<b>2 033 107 015</b>	<b>1 758 543 891</b>	<b>274 563 124</b>	
The management of the municipality is of the opinion that the carrying value of Receivables approximate their fair values.				
<b>4.1 Ageing of Receivables from Exchange Transactions</b>				
<b>As at 30 June 2013</b>				
	<b>Current</b>	<b>Past Due</b>		<b>Total</b>
	<i>0 - 30 days</i>	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>
<b>Electricity:</b>				
Gross Balances	239 346 551.49	34 080 431.33	15 083 503.01	132 129 535.80
Less: Provision for Impairment	162 628 754.99	23 156 624	10 248 785	89 778 030
<b>Net Balances</b>	<b>76 717 796</b>	<b>10 923 807</b>	<b>4 834 718</b>	<b>42 351 506</b>
<b>Refuse:</b>				
Gross Balances	7 072 850.60	5 068 751.30	3 961 784.00	143 496 343.93
Less: Provision for Impairment	4 805 788	3 444 063	2 691 913	97 501 433
<b>Net Balances</b>	<b>2 267 062</b>	<b>1 624 688</b>	<b>1 269 871</b>	<b>45 994 911</b>
<b>Sewerage:</b>				
Gross Balances	7 817 219.22	4 352 401.23	3 366 225.43	116 178 114.00
Less: Provision for Impairment	5 311 564	2 957 325	2 287 249	78 939 521
<b>Net Balances</b>	<b>2 505 655</b>	<b>1 395 076</b>	<b>1 078 977</b>	<b>37 238 593</b>
				<b>42 218 301</b>

<b>Water:</b>					
Gross Balances	58 026 524.84	22 425 342.30	15 694 963.75	476 104 012.14	572 250 843
Less: Provision for Impairment	39 427 272	15 237 343	10 664 254	323 498 301	388 827 169
	<b>18 599 253</b>	<b>7 187 999</b>	<b>5 030 710</b>	<b>152 605 711</b>	<b>183 423 674</b>
<b>Other receivables:</b>					
Gross Balances	(998 710.02)	12 180 497.39	11 206 313.56	496 494 388.65	505 923 430
Less: Provision for Impairment	(695 975)	8 488 274	7 809 391	345 994 129	352 564 985
<b>Net Balances</b>	<b>(302 735)</b>	<b>3 692 223</b>	<b>3 396 923</b>	<b>150 500 259</b>	<b>153 358 445</b>
	<b>Current</b>		<b>Past Due</b>		<b>Total</b>
	<i>0 - 30 days</i>	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	
<b>All Receivables:</b>					
Gross Balances	311 264 436	78 107 424	49 312 790	1 364 402 395	1 790 127 984
Less: Provision for Impairment	211 477 404	53 283 630	33 701 591	935 711 414	1 225 143 205
<b>Net Balances</b>	<b>99 787 032</b>	<b>24 823 793</b>	<b>15 611 199</b>	<b>428 690 981</b>	<b>564 984 779</b>
<b>As at 30 June 2014</b>					
	<b>Current</b>		<b>Past Due</b>		<b>Total</b>
	<i>0 - 30 days</i>	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	
<b>Electricity:</b>					
Gross Balances	188 652 716	62 851 054	12 832 314	166 242 992	430 579 076
Less: Provision for Impairment	161 491 641	53 802 140	10 984 795	142 308 333	368 586 909
<b>Net Balances</b>	<b>27 161 076</b>	<b>9 048 914</b>	<b>1 847 519</b>	<b>23 934 659</b>	<b>61 992 168</b>
<b>Refuse:</b>					
Gross Balances	7 543 485	5 560 886	4 157 833	171 355 515	188 617 718
Less: Provision for Impairment	6 457 419	4 760 263	3 559 213	146 684 786	161 461 681
<b>Net Balances</b>	<b>1 086 065</b>	<b>800 623</b>	<b>598 620</b>	<b>24 670 729</b>	<b>27 156 037</b>
<b>Sewerage:</b>					
Gross Balances	6 770 269	4 816 105	3 537 494	138 083 640	153 207 508
Less: Provision for Impairment	5 795 527	4 122 711	3 028 187	118 203 194	131 149 619
<b>Net Balances</b>	<b>974 742</b>	<b>693 394</b>	<b>509 307</b>	<b>19 880 446</b>	<b>22 057 889</b>
<b>Water:</b>					
Gross Balances	37 807 247	21 051 482	13 105 423	567 557 008	639 521 161
Less: Provision for Impairment	32 363 989	18 020 617	11 218 584	485 843 588	547 446 777
<b>Net Balances</b>	<b>5 443 258</b>	<b>3 030 865</b>	<b>1 886 839</b>	<b>81 713 421</b>	<b>92 074 384</b>
<b>Other Receivables:</b>					
Gross Balances	37 039 894	10 465 102	56 531 955	538 348 757	621 181 552
Less: Provision for Impairment	32 789 443	9 264 197	50 044 726	476 571 448	549 898 905
<b>Net Balances</b>	<b>4 250 451</b>	<b>1 200 905</b>	<b>6 487 230</b>	<b>61 777 309</b>	<b>71 282 647</b>

As at 30 June Receivables of R265 702 041 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current		Past Due		Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>All Receivables:</b>					
Gross Balances	277 813 611	104 744 629	90 165 019	1 581 587 913	2 033 107 015
Less: Provision for Impairment	238 898 019	89 969 929	78 835 505	1 369 611 349	1 758 543 891
<b>Net Balances</b>	<b>38 915 592</b>	<b>14 774 701</b>	<b>11 329 515</b>	<b>211 976 564</b>	<b>274 563 124</b>

	Household	Industrial/ Commercial	National and Provincial Government	Other
	R	R	R	R
<b>As at 30 June 2014</b>				
<i>Current:</i>				
0 - 30 days	96 757 695	163 515 296	6 069 666	16 713 667
<i>Past Due:</i>				
31 - 60 Days	44 737 254	54 114 413	2 296 973	7 671 781
61 - 90 Days	37 010 576	7 391 262	764 345	4 533 943
+ 90 Days	1 561 486 808	116 203 394	54 827 869	65 219 612
Sub-total				
Less: Provision for Impairment	1 487 904 162	114 018 834	55 354 050	72 225 497
<b>Total Trade Receivables by Customer Classification</b>	<b>73 582 646</b>	<b>2 184 560</b>	<b>(526 181)</b>	<b>(7 005 885)</b>

	Household	Industrial/ Commercial	National and Provincial Government	Other
	R	R	R	R
<b>As at 30 June 2013</b>				
<i>Current:</i>				
0 - 30 days	98 805 318	138 669 767	1 878 276	15 250 730
<i>Past Due:</i>				
31 - 60 Days	50 202 154	47 825 640	1 645 090	4 203 664
61 - 90 Days	33 623 408	17 114 664	1 216 186	2 439 625
+ 90 Days	1 336 263 531	102 990 070	53 705 995	48 313 955
Sub-total				
Less: Provision for Impairment	1 153 874 748	97 321 929	43 465 555	57 118 140
<b>Total Trade Receivables by Customer Classification</b>	<b>182 388 783</b>	<b>5 668 140</b>	<b>10 240 440</b>	<b>(8 804 185)</b>

#### 4.3 Reconciliation of the Provision for Impairment

	2014 R	2013 R
Balance at beginning of year		
Impairment Losses recognised	1 597 094 529	1 204 527 747
VAT on impairment losses	161 449 362	20 615 458
<b>Balance at end of year</b>	<b>1 758 543 891</b>	<b>1 225 143 205</b>

The transactions for *Provision for Impairment* have been restated to correctly classify amounts held for Assessment Rates Debtors, now included in Trade Receivables from Non-exchange Transactions, in terms of GRAP 104.

#### 4.4 Ageing of impaired Receivables from Exchange Transactions

Total	1 758 543 891	1 225 143 205
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#### 4.5 Derecognition of Financial Assets

No Financial Assets have been transferred to other parties during the year.

### 5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
<b>As at 30 June 2013</b>			
Assessment Rates Debtors	168 074 381	114 201 467	53 872 914
Payments made in Advance	3 001 566		3 001 566
Short-term Loans	2 144 620		2 144 620
Sundry Debtors	14 464 374		14 464 374
Insurance Claims	238 829		238 829
<b>Total Receivables from Non-exchange Transactions</b>	<b>187 923 770</b>	<b>114 201 467</b>	<b>73 722 303</b>
	Gross Balances R	Provision for Impairment R	Net Balances R
<b>As at 30 June 2014</b>			
Assessment Rates Debtors	172 509 315	147 672 469	24 836 846
Payments made in Advance	3 001 566		3 001 566
Short-term Loans	2 790 114		2 790 114
Sundry Debtors	11 225 314		11 225 314
Insurance Claims	429 707		429 707
<b>Total Receivables from Non-exchange Transactions</b>	<b>189 956 017</b>	<b>147 672 469</b>	<b>42 283 548</b>

Receivables from Non-exchange Transactions have been restated to correctly classify amounts held for Assessment Rates Debtors in terms of GRAP 104, previously included in Receivables from Exchange Transactions. Refer to Note 38 on "Correction of error" for details of the restatement.

The average credit period for Receivables is 30 days. No interest is charged for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate, charged by the municipality's banker, plus two percent per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Receivables.

The management of the municipality is of the opinion that the carrying value of Receivables approximate their fair values.

#### 5.1 Ageing of Receivables from Non-exchange Transactions

##### As at 30 June 2013

	Current		Past Due		Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>Assessment Rates:</b>					
Gross Balances	16 783 131	6 949 588.65	4 231 423	140 110 238	168 074 381
Less: Provision for Impairment	11 403 631	4 722 036	2 875 124	95 200 676	114 201 467
<b>Net Balances</b>	<b>5 379 500</b>	<b>2 227 553</b>	<b>1 356 299</b>	<b>44 909 562</b>	<b>53 872 914</b>

##### As at 30 June 2014

	Current		Past Due		Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>Assessment Rates:</b>					
Gross Balances	14 361 813	7 188 618	4 376 530	146 582 355	172 509 315
Less: Provision for Impairment	12 294 086	6 153 644	3 746 423	125 478 315	147 672 469
<b>Net Balances</b>	<b>2 067 727</b>	<b>1 034 974</b>	<b>630 106</b>	<b>21 104 039</b>	<b>24 836 846</b>

	2014 R	2013 R
<b>5.3 Reconciliation of Provision for Impairment</b>		
Balance at beginning of year		
Impairment Losses recognised		
<b>Balance at end of year</b>	<b>147 672 469</b>	<b>114 201 467</b>
The transactions for <i>Provision Impairment</i> have been restated to correctly classify amounts held for Assessment Rates Debtors, previously included in Receivables from Exchange Transactions, in terms of GRAP 104. Refer to Note 38 on "Correction of error" for details of the restatement.		
The Provision for Impairment on Receivables exists predominantly due to the possibility that these debts will not be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment.		
The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and by calculating the historical payment ratios for the groupings and by assuming that the future payment ratios would be similar to the historical payment ratios.		
The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.		
In determining the recoverability of a Debtor, the municipality considers any change in the credit quality of the Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.		
In determining the recoverability of a Rates Assessment Debtor and Receivables from Non-exchange Transactions, the municipality considers any change in the credit quality of the Rates Assessment Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.		
No Provision for Impairment has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Rates Assessment Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.		
Furthermore, no Provision for Impairment was calculated on Receivables other than Assessment Rates Debtors as the management is of the opinion that all Receivables are recoverable within normal credit terms.		
<b>6. VAT RECEIVABLES</b>		
VAT Payables is the Net Payables from all VAT Control Accounts and Vat Receivable.	83 581 616	-
Vat Payable.	<b>83 581 616</b>	-
Vat is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.		
No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.		
<b>7. CASH AND CASH EQUIVALENTS</b>		
Current Investments	349 362 619	602 540 916
Bank Accounts	75 603 191	52 126 414
Cash and Cash Equivalents	12 800	12 800
<b>Total Bank, Cash and Cash Equivalents</b>	<b>424 978 610</b>	<b>654 680 130</b>
For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments, net of outstanding Bank Overdrafts.		
<b>7.1 Current Investment Deposits</b>		
<b>Call Deposits</b>	<b>67 402 105</b>	<b>46 397 311</b>
<i>Absa Call Account</i>	67 402 105	1 410 974
<i>Momentum</i>	-	44 986 337
<b>Notice Deposits</b>	<b>281 947 399</b>	<b>556 143 605</b>
<i>First National Bank</i>	20 249 370	113 090 638
<i>Absa</i>	<b>5 996 542</b>	94 717 356
<i>Nedbank</i>	141 137 421	128 460 503
<i>Standard Bank</i>	20 249 370	130 019 474
<i>Kagiso Asset Management</i>	46 340 786	44 257 856
<i>Sanlam</i>	47 396 851	45 008 083
<i>Absa Guarantee Deposit</i>	590 197	589 695
Short-term Portion of Investments	349 362 619	602 540 916
<b>Total Current Investment Deposits</b>	<b>349 362 619</b>	<b>602 540 916</b>
<b>7.2 Bank Accounts</b>		
Cash in Bank	75 603 191	52 126 414
<b>Total Bank Accounts</b>	<b>75 603 191</b>	<b>52 126 414</b>
The Municipality has the following bank accounts:		
<b>Primary Bank Account</b>		
<i>ABSA - Main Branch, Rustenburg- Account Number 1220000458:</i>		
Cash book balance at beginning of year	33 586 400	37 732 020
Cash book balance at end of year	<b>56 610 859</b>	<b>33 586 400</b>
Bank statement balance at beginning of year	64 137 857	97 058 613
Bank statement balance at end of year	<b>66 542 083</b>	<b>64 137 857</b>
<b>Housing Bank Account</b>		
<i>ABSA - Main Branch, Rustenburg- Account Number 4054617192:</i>		
Cash book balance at beginning of year	18 540 013	18 001 816
Cash book balance at end of year	<b>18 992 332</b>	<b>18 540 013</b>
Bank statement balance at beginning of year	18 540 013	18 118 420
Bank statement balance at end of year	<b>18 992 332</b>	<b>18 540 013</b>



<b>7.3 Cash and Cash Equivalents</b>		
Cash Floats and Advances	12 800	12 800
Other Cash Equivalents	-	-
<b>Total Cash on hand in Cash Floats, Advances and Equivalents</b>	<b>12 800</b>	<b>12 800</b>
The management of the municipality is of the opinion that the carrying value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.		
<b>8. OPERATING LEASE ASSETS / RECEIVABLES</b>		
Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. No liability existed at 30 June as none of the Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of Non-cancellable Operating		
Balance at beginning of year	642 164	541 479
Operating Lease Revenue recorded	289 607	289 607
Operating Lease Revenue effected	(211 074)	(188 922)
<b>Total Operating Lease Assets</b>	<b>720 697</b>	<b>642 164</b>
<b>8.1 Leasing Arrangements</b>		
<b>The Municipality as Lessor:</b>		
Operating Leases relate to Property owned by the municipality with lease terms of between 1 to 82 (2012: 1 to 83) years.		
<b>8.2 Amounts receivable under Operating Leases</b>		
At the Reporting Date the following minimum lease payments were receivable under Non-cancellable Operating Leases for Property, Plant		
Up to 1 year	204 832	291 218
2 to 5 years	581 675	849 149
More than 5 years	2 969 875	3 885 459
<b>Total Operating Lease Arrangements</b>	<b>3 756 383</b>	<b>5 025 826</b>
The impact of charging the escalations in Operating Leases on a straight-line basis over the term of the lease has been a decrease in		
No restrictions have been imposed by the municipality in terms of the operating lease agreements.		

Description	Land	Buildings	Infrastructure	Other	Total
	R	R	R	R	R
<b>Carrying values at 01 July 2013</b>	<b>1 016 978 512</b>	<b>925 874 461</b>	<b>4 372 026 628</b>	<b>126 931 008</b>	<b>6 441 810 609</b>
Cost	1 016 978 512	1 399 147 410	7 410 279 039	235 589 545	10 061 994 506
- Completed Assets	1 016 978 512	1 317 363 219	6 612 225 551	235 589 545	9 182 156 827
- Under Construction	-	81 784 191	798 053 489	-	879 837 680
Revaluation	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	(536 642)	(536 642)
Accumulated Depreciation:	-	(473 272 949)	(3 038 252 411)	(108 121 895)	(3 619 647 256)
- Cost	-	(473 272 949)	(3 038 252 411)	(108 121 895)	(3 619 647 256)
- Revaluation	-	-	-	-	-
Acquisitions	16 258 000	1 694 456	113 855 441	15 154 673	146 962 570
Borrowing Costs Capitalised	-	-	-	-	-
Capital under Construction - Additions:	-	125 357 715	740 052 895	-	865 410 610
- Cost	-	-	-	-	-
Additions	-	125 357 715	740 052 895	-	865 410 610
Transfer in	-	-	-	-	-
- Borrowing Costs Capitalised	-	-	-	-	-
Increases in Revaluation	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-
Depreciation:	-	(97 208 318)	(229 005 441)	(22 261 444)	(348 475 203)
- Based on Cost	-	-97 208 318	-229 005 441	-22 261 444	-348 475 203
- Based on Revaluation	-	-	-	-	-
Carrying value of Disposals:	(405 902)	(139 444)	(666 724)	(1 254 432)	(2 466 501)
- Cost	(405 902)	(139 444)	(666 724)	(3 291 324)	(4 503 393)
- Revaluation	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-
- Accumulated Depreciation	-	-	-	2 036 892	2 036 892
- Based on Cost	-	-	-	2 036 892	2 036 892
- Based on Revaluation	-	-	-	-	-
Carrying value of Transfers to Held-for-Sale:	-	-	-	-	-
- Cost	-	-	-	-	-
- Revaluation	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-
- Based on Cost	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-
Decreases in Revaluation	-	-	-	-	-
Impairment Losses	-	-	-22 180	-599 803	(621 983)
Capital under Construction - Capitalised	-	-	-	-	-
Capital under Construction - Completed	-	-	(59 732 959)	-	-
Other Movements	-	-	-	-	-
- Cost	-	-	-	-	-
- Revaluation	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-
- Based on Cost	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-
<b>Carrying values at 30 June 2014</b>	<b>1 032 830 610</b>	<b>955 578 870</b>	<b>4 936 507 660</b>	<b>117 970 003</b>	<b>7 042 887 144</b>
Cost	1 032 830 610	1 526 060 137	8 203 787 692	247 452 894	11 010 131 334
- Completed Assets	1 032 830 610	1 318 918 231	6 725 414 267	247 452 894	9 324 616 003
- Under Construction	-	207 141 906	1 478 373 425	-	1 685 515 331
Revaluation	-	-	-	-	-
Accumulated Impairment Losses	-	-	(22 180)	(1 136 444)	(1 158 624)
Accumulated Depreciation:	-	(570 481 267)	(3 267 257 852)	(128 346 447)	(3 966 085 567)
- Cost	-	(570 481 267)	(3 267 257 852)	(128 346 447)	(3 966 085 567)
- Revaluation	-	-	-	-	-

Description	Land	Buildings	Infra- structure	Other	Total
R	R	R	R	R	R
<b>Carrying values at 01 July 2012</b>	<b>994 509 482</b>	<b>913 234 570</b>	<b>3 875 644 090</b>	<b>100 219 776</b>	<b>5 883 607 918</b>
Cost	994 509 482	1 289 965 818	6 642 473 017	188 322 891	9 115 271 208
- Completed Assets	994 509 482	1 282 048 359	6 507 215 798	188 322 891	8 972 096 529
- Under Construction	-	7 917 460	135 257 219	-	143 174 679
Revaluation	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	(173 579)	(173 579)
Accumulated Depreciation:	-	(376 731 248)	(2 766 828 927)	(87 929 536)	(3 231 489 711)
- Cost	-	(376 731 248)	(2 766 828 927)	(87 929 536)	(3 231 489 711)
- Revaluation	-	-	-	-	-
Acquisitions	22 469 030	27 397 401	42 697 046	49 106 715	141 670 192
Borrowing Costs Capitalised	-	-	-	-	-
Capital under Construction - Additions:	-	81 784 191	725 108 976	-	806 893 167
- Cost	-	-	-	-	-
Additions	-	81 784 191	725 108 976	-	806 893 167
Transfer in	-	-	-	-	-
- Borrowing Costs Capitalised	-	-	-	-	-
Increases in Revaluation	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-
Depreciation:	-	(96 541 702)	(271 423 485)	(21 449 641)	(389 414 827)
- Based on Cost	-	(96 541 702)	(271 423 485)	(21 449 641)	(389 414 827)
- Based on Revaluation	-	-	-	-	-
Carrying value of Disposals:	-	-	-	(582 779)	(582 779)
- Cost	-	-	-	(1 840 061)	(1 840 061)
- Revaluation	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-
- Accumulated Depreciation	-	-	-	1 257 282	1 257 282
- Based on Cost	-	-	-	1 257 282	1 257 282
- Based on Revaluation	-	-	-	-	-
Carrying value of Transfers to Held-for-Sale:	-	-	-	-	-
- Cost	-	-	-	-	-
- Revaluation	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-
- Based on Cost	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-
Decreases in Revaluation	-	-	-	-	-
Impairment Losses	-	-	-	(363 063)	(363 063)
Capital under Construction - Capitalised	-	7 917 460	62 312 707	-	70 230 167
Capital under Construction - Completed	-	(7 917 460)	(62 312 707)	-	(70 230 166)
Other Movements	-	-	-	-	-
- Cost	-	-	-	-	-
- Revaluation	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-
- Based on Cost	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-
<b>Carrying values at 30 June 2013</b>	<b>1 016 978 512</b>	<b>925 874 461</b>	<b>4 372 026 628</b>	<b>126 931 008</b>	<b>6 441 810 609</b>
Cost	1 016 978 512	1 399 147 410	7 410 279 039	235 589 545	10 061 994 506
- Completed Assets	1 016 978 512	1 317 363 219	6 612 225 551	235 589 545	9 182 156 827
- Under Construction	-	81 784 191	798 053 489	-	879 837 680
Revaluation	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	(536 642)	(536 642)
Accumulated Depreciation:	-	(473 272 949)	(3 038 252 411)	(108 121 895)	(3 619 647 256)
- Cost	-	(473 272 949)	(3 038 252 411)	(108 121 895)	(3 619 647 256)
- Revaluation	-	-	-	-	-

**RUSTENBURG LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	2014 R	2013 R
<b>9 PROPERTY, PLANT AND EQUIPMENT (Continued)</b>		
<b>9.1 Impairment of Property, Plant and Equipment</b>		
The amount of R621 983 (2014) disclosed for impairment losses on Property, Plant and Equipment is in respect of an individual amount of impairment losses applicable to a redundant assets: Refer to Note 32 for full		
Other Assets:	621 983	363 063
	<b>621 983</b>	<b>363 063</b>
<b>10 INTANGIBLE ASSETS</b>		
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	<b>1 331 622</b>	<b>1 613 237</b>
The movement in Intangible Assets is reconciled as follows:		
	<b>Computer Software</b>	<b>Total</b>
<b>Carrying values at 01 July 2013</b>	<b>1 613 237</b>	<b>1 613 237</b>
Cost	2 485 639	2 485 639
Accumulated Amortisation	(872 402)	(872 402)
Acquisitions:	245 847	245 847
Purchased	245 847	245 847
Internally Developed	-	-
Amortisation:	(527 461)	(527 461)
Purchased	(527 461)	(527 461)
Internally Developed	-	-
<b>Carrying values at 30 June 2014</b>	<b>1 331 622</b>	<b>1 331 622</b>
Cost	2 731 486	2 731 486
Accumulated Amortisation	(1 399 863)	(1 399 863)
	<b>Computer Software</b>	<b>Total</b>
<b>Carrying values at 1 July 2012</b>	<b>123 847</b>	<b>123 847</b>
Cost	921 281	921 281
Accumulated Amortisation	(797 434)	(797 434)
Acquisitions:	1 564 358	1 564 358
Purchased	1 564 358	1 564 358
Internally Developed	-	-
Amortisation:	(74 968)	(74 968)
Purchased	(74 968)	(74 968)
Internally Developed	-	-
<b>Carrying values at 30 June 2013</b>	<b>1 613 237</b>	<b>1 613 237</b>
Cost	2 485 639	2 485 639
Accumulated Amortisation	(872 402)	(872 402)
The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 31).		
All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.		
No restrictions apply to any of the Intangible Assets of the municipality.		
Refer to Appendix "B" for more detail on Intangible Assets.		
<b>10.1 Impairment of Intangible Assets</b>		
No impairment losses have been recognised on Intangible Assets of the municipality at the reporting date.		

## 11 INVESTMENT PROPERTY

At Fair Value		
At Cost less Accumulated Depreciation	<b>239 654 072</b>	<b>259 820 353</b>

The movement in Investment Property is reconciled as follows:

<b>Carrying values at 1 July</b>	<b>259 820 353</b>	<b>266 856 049</b>
Cost	305 066 975	305 066 975
Accumulated Depreciation	(45 246 622)	(38 210 926)
Disposal	(13 130 585)	-
Depreciation during the Year	(7 035 696)	(7 035 695.89)
At Cost	(7 035 696)	-
At Accumulated Depreciation	-	-

<b>Carrying values at 30 June</b>	<b>239 654 072</b>	<b>259 820 353</b>
Cost	291 936 390	305 066 975
Accumulated Depreciation	(52 282 318)	(45 246 622)

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of

Refer to Appendix "B" for more detail on Investment Property.

## 12 NON-CURRENT INVESTMENTS

<b>Listed</b>		
Listed Shares- 12 948 Sanlam shares	819 508	610 466
<b>Unlisted</b>		
Investment in Municipal Entities - at cost	1 000	1 000
	<b>1 000</b>	<b>1 000</b>
<b>Financial Instruments</b>		
Fixed Deposits	307 240 341	558 283 059
Short-term Financial Instruments	42 109 107	44 408 890
<b>Total Investments</b>		
All Investments	350 169 956	603 303 416
Less: Short-term Portion transferred to Current Investments	(349 349 448)	(602 691 950)
<b>Total Non-current Investments</b>	<b>820 508</b>	<b>611 466</b>
<b>Market valuation of Listed Investments</b>		
Listed Shares	819 508	610 466
<b>Council's valuation of Unlisted Investments</b>		
Investment in Municipal Entities	1 000	1 000
	<b>1 000</b>	<b>1 000</b>

Listed Shares are investments in shares of public companies with no specific maturity dates or interest rates.

Unlisted Investments comprise the following:  
Investments in Municipal Entities as disclosed above.

Fixed Deposits are investments with a maturity period of less than 12 months and earn interest rates varying

The Municipal Structures Act, Act 177 of 1998, requires local authorities to invest funds which are not immediately required with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty rate of interest to meet commitments.

The management of the municipality is of the opinion that the carrying value of Investments recorded at amortised cost in the Annual Financial Statements approximate their fair values

### 13 FINANCE LEASE RECEIVABLES

	Gross Balances R	Net Balances R
<b>As at 30 June 2014</b>		
Other Finance Leases- Rustenburg Water Services Trust	2 576 259	2 576 259
	<u>2 576 259</u>	<u>2 576 259</u>
Less: Current Portion transferred to Current Receivables:-		(51 782)
<b>Non-Current Finance Lease Receivables</b>		<u>2 524 477</u>

	Gross Balances R	Net Balances R
<b>As at 30 June 2013</b>		
Housing Selling Scheme Loans	437 117	-
Other Finance Leases	2 622 751	2 622 751
	<u>3 059 868</u>	<u>2 622 751</u>
Less: Current Portion transferred to Current Receivables:-		(31 850)
Other Finance Leases		(31 850)
		-
<b>Non-Current Finance Lease Receivables</b>		<u>2 590 901</u>

#### 13.1 Leasing Arrangements

A finance lease was granted to the entity (RWST) for sewerage plant transferred by the municipality to the RWST. The lease is repayable over twenty years, in half yearly payments every year at the end of June and December, with the last instalment due on 30 June 2025. The interest rate implicit in the lease is 11%. All leases are denominated in Currency Units.

#### 13.2 Amounts receivable under Finance Leases

	Minimum Lease Payments 2014 R	2013 R
Within one year	51 782	31 850
In the second to fifth years, inclusive	680 205	525 920
Over five years	1 844 271	2 064 981

<b>Total Finance Lease Receivables</b>	<u>2 576 258</u>	<u>2 622 751</u>
<b>Unearned Finance Income</b>	<u>2 576 258</u>	<u>2 622 751</u>

#### Included in the Annual Financial Statements as:

Non-current Finance Lease Receivables	51 782	31 850
Current Finance Lease Receivables	2 524 477	2 590 901
<b>Total Finance Lease Receivables</b>	<u>2 576 259</u>	<u>2 622 751</u>

Management of the municipality is of the opinion that the carrying value of Finance Lease Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values.

### 14 CONSUMER DEPOSITS

Electricity and Water	26 452 937	25 906 811
<b>Total Consumer Deposits</b>	<u>26 452 937</u>	<u>25 906 811</u>
<b>Guarantees</b> held in lieu of electricity and water	30 513 747	30 513 747
<b>Guarantees</b> held for retentions on supplier accounts	-	20 603 273
	<u>30 513 747.00</u>	<u>51 117 020</u>

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on Consumer Deposits held.

The management of the municipality is of the opinion that the carrying value of Consumer Deposits approximate their fair values.

	2014 R	2013 R
<b>15 PROVISIONS</b>		
Current Portion of Post-retirement Medical Aid Benefits Liability (See Note 20)	4 335 878	3 978 912
Rehabilitation of Land-fill Sites	11 649 895	11 323 850
Current Portion of Non-Current Provisions (See Note below):	3 533 650	1 635 605
Long-term Service	3 533 650	1 635 605
<b>Total Provisions</b>	<b>19 519 423</b>	<b>16 938 367</b>
The movement in provisions are reconciled as follows:		
<b>Current Provisions:</b>		
	<b>Landfill Sites</b>	
	2014	2013
	R	R
<b>Landfill Sites:</b>		
Balance at beginning of year	11 323 850	10 336 290
Contributions to provision	326 045	987 560
<b>Balance at end of year</b>	<b>11 649 895</b>	<b>11 323 850</b>
<b>Current Portion of Non-Current Provisions:</b>		
	<b>Long Service Awards</b>	
	2014	2013
	R	R
Balance at beginning of year	1 635 605	1 680 982
Contributions to provision	1 898 045	(45 377)
<b>Balance at end of year</b>	<b>3 533 650</b>	<b>1 635 605</b>
<b>16 PAYABLES</b>		
Trade Creditors	232 741 502	376 572 094
Payments received in Advance	57 765 085	53 740 477
Retentions	50 151 674	21 984 836
Staff Leave Accrued	29 322 044	23 815 929
Sundry Deposits	9 173 066	9 022 545
Other Creditors	83 131 383	58 802 359
<b>Total Creditors</b>	<b>462 284 755</b>	<b>543 938 241</b>
<b>Staff Leave</b> accrue to the staff of the municipality on an annual basis, subject to certain conditions. The		
The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA, except when the liability is disputed. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has policies in place to ensure that all payables are paid within the credit		
The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality.		
The management of the municipality is of the opinion that the carrying value of Creditors approximate their fair values.		

	2014 R	2013 R
<b>17 UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
<b>17.1 Conditional Grants from Government</b>	<b>391 484 586</b>	<b>313 289 529</b>
National Government Grants	355 329 400	285 585 757
Provincial Government Grants	11 109 932	4 120 817
Local Government Grants	13 172	13 172
Other Spheres of Government	25 032 082	23 569 783
<b>17.2 Other Conditional Receipts</b>	<b>7 543 744</b>	<b>7 543 744</b>
Public Contributions	7 543 744	7 543 744
<b>Total Conditional Grants and Receipts</b>	<b>399 028 330</b>	<b>320 833 273</b>
The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised. Refer to Appendix "F" for more detail on Conditional Grants.		
<b>18 VAT PAYABLE</b>		
VAT Payable is the Net Payable from all VAT Control Accounts and must agree to the VAT 201 Return.		
Vat Payable.	-	96 721 879
Vat Receivable.	-	-
Vat Payable	-	<b>96 721 879</b>
Vat is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.		
<b>19 LONG-TERM LIABILITIES</b>		
Finance Lease Liabilities	4 251 613	4 251 613
Other Loans	286 684 213	92 046 340
Sub-total	290 935 826	96 297 953
Less: Current Portion transferred to Current Liabilities:-	30 124 912	9 373 953
Finance Lease Liabilities	-	1 516 949
Other Loans	30 124 912	7 857 004
<b>Total Long-term Liabilities (Neither past due, nor impaired)</b>	<b>260 810 914</b>	<b>86 924 000</b>
<b>19.1 Summary of Arrangements</b>		
Finance Lease Liabilities relates to Vehicles and IT Equipment with lease terms of 5 (2012: 5) years. The effective interest rate on Finance Leases is 10%. Capitalised Lease Liabilities are secured over the items of vehicles and equipment leased.		
Other Loans are repaid over a period of 15 years and at interest rates varying from 11.92% to 13.82% per annum.		
The management of the municipality is of the opinion that the carrying value of Long-term Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values.		
Refer to Appendix "A" for more detail on Long-term Liabilities.		
<b>20 RETIREMENT BENEFIT LIABILITIES</b>		
<b>20.1 Post-retirement Health Care Benefits Liability</b>		
Balance at beginning of Year	135 421 829	123 115 637
Contributions to Provision	35 792 691	16 285 104
Balance at end of Year	171 214 520	139 400 741
Transfer to Current Provisions	(4 335 878)	(3 978 912)
<b>Total Post-retirement Health Care Benefits Liability</b>	<b>166 878 642</b>	<b>135 421 829</b>
The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.		
The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2014 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.		
The members of the Post-employment Health Care Benefit Plan are made up as follows:		
In-service Members (Employees)	1 277	1 148
In-service Non-members (Employees)	466	652
Continuation Members (Retirees, widowers and orphans)	128	120
<b>Total Members</b>	<b>1 871</b>	<b>1 920</b>



The liability in respect of		
In-service Members	99 706 434	73 775 251
Continuation Members	58 199 089	53 324 655
In-service - Non Members	13 308 997	12 300 835
<b>Total Liability</b>	<b>171 214 520</b>	<b>139 400 741</b>
The municipality makes monthly contributions for health care arrangements to the following Medical Aid		
- Bonitas		
- Hosmed		
- Keyhealth		
- LA Health		
- Samwumed		
	<b>2014</b>	<b>2013</b>
	<b>R</b>	<b>R</b>
<b>The principal assumptions used for the purposes of the actuarial valuations were as follows:</b>		
Discount Rate	9.20%	8.92%
Health Care Cost Inflation Rate	8.28%	7.82%
Net Effective Discount Rate	76%	1.02%
Expected Rate of Salary Increase	0.76%	-
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63
<b>Movements in the present value of the Defined Benefit Obligation were as follows:</b>		
Balance at the beginning of the year	139 400 741	123 115 637
Current service costs	7 446 942	6 290 554
Interest cost	12 265 159	9 616 725
Benefits paid	(3 678 887)	(3 641 574)
Actuarial losses / (gains)	15 780 565	4 019 399
<b>Present Value of Fund Obligation at the end of the Year</b>	<b>171 214 520</b>	<b>139 400 741</b>
Actuarial losses / (gains) unrecognised	-	-
<b>Total Recognised Benefit Liability</b>	<b>171 214 520</b>	<b>139 400 741</b>
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
Present value of fund obligations	171 214 520	139 400 741
	171 214 520	139 400 741
Present value of unfunded obligations	-	-
Unfunded Accrued Liability	171 214 520	139 400 741
<b>Total Benefit Liability</b>	<b>171 214 520</b>	<b>139 400 741</b>
<b>The amounts recognised in the Statement of Financial Performance are as follows:</b>		
Current service cost	7 446 942	6 290 554
Interest cost	12 265 159	9 616 725
Actuarial losses / (gains)	15 780 565	4 019 399
<b>Total Post-retirement Benefit included in Employee Related Costs (Note 39)</b>	<b>35 492 666</b>	<b>19 926 678</b>
<b>The history of</b>		
Present Value of Defined Benefit Obligation	171 214 520	139 400 741
<b>Deficit</b>	<b>171 214 520</b>	<b>139 400 741</b>
<b>21 NON-CURRENT PROVISIONS</b>		
Provision for Long Service Awards	21 236 573	19 985 253
Provision for Rehabilitation of Land-fill Sites	17 143 225	19 673 924
<b>Total Non-current Provisions</b>	<b>38 379 798</b>	<b>39 659 177</b>

The movement in Non-current Provisions are reconciled as follows:

	Long-service Awards	
	2014	2013
	R	R
Balance at beginning of year	21 620 858	18 462 294
Contributions to provision	5 160 904	4 839 546
Expenditure incurred	(2 011 539)	(1 680 982)
	24 770 223	21 620 858
Transfer to current provisions	(3 533 650)	(1 635 605)
<b>Balance at end of year</b>	<b>21 236 573</b>	<b>19 985 253</b>

	Landfill Site	
	2014	2013
	R	R
Balance at beginning of year	19 673 924	17 958 149
Contributions to provision	(2 530 700)	1 715 775
	17 143 224	19 673 924
<b>Balance at end of year</b>	<b>17 143 224</b>	<b>19 673 924</b>

### 21.1 Long Service Awards

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable to employees after 10 years of continuous service, and every 5 years of continuous service from 10 years of service to 45 years of service. The provision is an estimate of the long-service based on historical staff turnover. Additional cash gifts are awarded to employees for levels of past service per the LSA policy.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2014 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

	2014	2013
	R	R
<b>The principal assumptions used for the purposes of the actuarial valuations were as follows:</b>		
Discount Rate	7.97%	8.92%
Cost Inflation Rate	6.54%	7.82%
Net Effective Discount Rate	0.80%	1.02%
Expected Rate of Salary Increase	6.79%	-
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63

### Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	139 400 741	123 115 637
Current service costs	7 446 942	6 290 554
Interest cost	12 265 159	9 616 725
Benefits paid	(3 678 887)	(3 641 574)
Actuarial losses / (gains)	15 780 565	4 019 399

### Present Value of Fund Obligation at the end of the Year

	<b>171 214 520</b>	<b>139 400 741</b>
<b>Total Recognised Benefit Liability</b>	<b>171 214 520</b>	<b>139 400 741</b>
	146 444 297.00	117 779 883.00

### The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	146 444 297	139 400 741
Present value of unfunded obligations	146 444 297	139 400 741
Unfunded Accrued Liability	146 444 297	139 400 741
<b>Total Benefit Liability</b>	<b>146 444 297</b>	<b>139 400 741</b>

### The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	2 435 370	6 290 554
Interest cost	1 533 259	9 616 725
Actuarial losses / (gains)	(2 011 539)	4 019 399
<b>Total Post-retirement Benefit included in Employee Related Costs (Note 39)</b>	<b>1 957 090</b>	<b>19 926 678</b>

### 21.2 Rehabilitation of Landfill Sites

In terms of the licencing of the landfill refuse site, the municipality will incur licencing and rehabilitation costs of R30 997 775 to restore the site at the end of its useful life, estimated to be between 2015 and 2022 for Rustenburg Townlands landfill site. Provision has been made for the net present value of this cost, using the the average cost of borrowing interest rate.

**22 ACCUMULATED SURPLUS**

The Accumulated Surplus consists of the following Internal Funds and Reserves:

Accumulated Surplus / (Deficit) due to the results of Operations	6 783 809 999	6 855 469 600
<b>Total Accumulated Surplus</b>	<b>6 783 809 999</b>	<b>6 855 469 600</b>

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

**23 PROPERTY RATES**

	Actual Levies	
	2014 R	2013 R
Residential	86 432 910	84 413 378
Commercial	88 786 755	83 290 605
Agricultural	2 193 699	3 542 744
State	(462 544)	571 912
<b>Total Property Rates</b>	<b>176 950 820</b>	<b>171 818 639</b>
Attributable to:		
Continuing Operations	176 950 820	171 818 639
Discontinued Operations	-	-
	<b>176 950 820</b>	<b>171 818 639</b>

Property Rates are levied on the value of land and improvements, which valuation is performed every four years. The last valuation came into effect on 1 July 2009. Supplementary valuations are processed on a monthly basis to take into account changes to individual property values due to alterations and subdivisions.

Interim valuations are processed on an continuous basis to take into account changes in individual property values due to alterations and subdivisions.

Rates are levied monthly on property owners and are payable the end of each month. Interest is levied at a rate determined by council on outstanding rates amounts.

**24 GOVERNMENT GRANTS AND SUBSIDIES**

	2014 R	2013 R
National Equitable Share	284 657 000	239 749 000
<b>Operational Grants</b>	284 657 000	239 749 000
<b>Conditional Grants</b>	831 643 305	755 561 624
National: FMG	1 655 000	1 499 999
National: MIG	255 170 113	205 912 712
National: MSIG	890 000	800 000
National: DWAF	-	3 564 000
National- Department of Minerals & Energy (DME)	-	5 734 196
National- Public Transport Infrastructure (PTIS)	557 702 802	506 221 657
Provincial Department of Sports, Arts & Culture (DSAC)		21 265 000
Provincial- Department of Sports, Arts & Culture (DSAC)	192 740	561 415
Provincial- Seta: EPWP training	3 350 427	-
Provincial- Extended Public Works Programme (EPWP)		7 268 944
Provincial- LG Seta		38 849
Skills Levy		1 796 714
INEG	7 258 834	
<b>Grants from private organisations</b>		
Housing DPLG	85 482	345 144
Other	1 474 383	552 995
EEDG	3 863 524	-
<b>Total Government Grants and Subsidies</b>	<b>1 116 300 305</b>	<b>995 310 624</b>

<b>Summary of Transfers:</b>		
Conditions met - transferred to Revenue: Operating Expenses		
Conditions met - transferred to Revenue: Capital Expenses		
<b>Total Transfers</b>	<b>1 116 300 305</b>	<b>995 310 624</b>
Attributable to:		
Continuing Operations	1 116 300 305	995 310 624
Discontinued Operations		-
	<b>1 116 300 305</b>	<b>995 310 624</b>
MFMA sec 123. (1) requires a municipality to disclose information on -		
(a) any allocations received by the municipality from -		
(i) an organ of state in the national or provincial sphere of government; or		
(ii) a municipal entity or another municipality;		
(c) how any allocations referred to in paragraph (a) were spent, per vote, excluding allocations received by the municipality as its portion of the equitable share or where prescribed otherwise because of the nature of the allocation;		
(d) whether the municipality has complied with the conditions of -		
(i) any allocations made to the municipality in terms of section 214(1)(c) of the Constitution; and		
(ii) any allocations made to the municipality other than by national organs of state;		
(e) the reasons for any non-compliance with conditions referred to in paragraph(d).		
<b>Operational Grants:</b>		
<b>24.1 National: Equitable Share</b>	<b>284 657 000</b>	<b>239 749 000</b>
In terms of the Constitution, this grant is used to subsidise the provision of basic services to community members. In terms of the allocation made by DPLG the funds are also utilised to enable the municipality to execute its functions as the local authority. No funds have been withheld.		
<b>24.2 National: FMG Grant</b>		
Balance unspent at beginning of year	(105 259)	(105 259)
Current year receipts	(1 550 000)	(1 500 000)
Conditions met - transferred to Revenue: Operating Expenses		-
Conditions met - transferred to Revenue: Capital Expenses	1 655 000	1 499 999
Conditions still to be met - transferred to Liabilities (see Note 16)	<b>(259)</b>	<b>(105 259)</b>
The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003. No funds have been		
<b>24.3 National: MIG Funds</b>		
Balance unspent at beginning of year	(84 377 302)	(87 772 014)
Current year receipts	(258 722 000)	(202 518 000)
Conditions met - transferred to Revenue: Operating Expenses		-
Conditions met - transferred to Revenue: Capital Expenses	225 468 208	205 912 712
Conditions still to be met - transferred to Liabilities (see Note 16)	<b>(117 631 094)</b>	<b>(84 377 302)</b>
The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads, basic sewerage and water infrastructure as part of the upgrading of poor households, micro enterprises and social institutions; to provide for new, rehabilitation and upgrading of municipal infrastructure. No funds have been withheld.		
<b>24.4 National: MSIG Funds</b>		
Balance unspent at beginning of year	-	-
Current year receipts	(890 000)	(800 000)
Conditions met - transferred to Revenue: Capital Expenses	890 000	800 000
Conditions met - transferred to Revenue: Capital Expenses	-	-
The Municipal Systems Improvement Grant is allocated to municipalities to assist in building in-house capacity to perform their functions and to improve and stabilise municipal systems. No funds have been withheld.		
<b>24.5 National: Department Water Affairs and Forestry (DWAF)</b>		
Balance unspent at beginning of year	-	-
Current year receipts	-	(3 564 000)
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	3 564 000
Conditions still to be met - transferred to Liabilities (see Note 16)	-	-
This grant was used for the operation and maintenance of sewerage and water schemes transferred from DWAF to the municipality, the refurbishment of water infrastructure and the payment of salaries of staff transferred from DWAF. No funds have been withheld.		
<b>24.6 National: Department Minerals and Energy (DME)</b>		
Balance unspent at beginning of year	(11 966 520)	(1 200 716)
Current year receipts		(16 500 000)
Interest allocated		-
Conditions met - transferred to Revenue: Operating Expenses	7 258 834	5 734 196
Conditions met - transferred to Revenue: Capital Expenses		-
Conditions still to be met - transferred to Liabilities (see Note 16)	<b>(4 707 687)</b>	<b>(11 966 520)</b>
Expenses were incurred to promote rural development and upgrade electricity infrastructure. No funds have		

**24.10 National: Public Transport Infrastructure**

Balance unspent at beginning of year	(67 964 343)	-
Current year receipts	(630 000 000)	(574 186 000)
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	557 702 802	506 221 657
Conditions still to be met - transferred to Liabilities (see Note 16)	<b>(140 261 541)</b>	<b>(67 964 343)</b>

This grant was received to provide for accelerated planning, construction and improvement of public and non motorised transport networks.

**24.11 Provincial: Department Sports, Arts and Culture (DSAC)**

Balance unspent at beginning of year		(34 995)
Current year receipts	(34 995)	
Conditions met - transferred to Revenue: Operating Expenses		
Conditions met - transferred to Revenue: Capital Expenses		
Conditions still to be met - transferred to Liabilities (see Note 16)	<b>(34 995)</b>	<b>(34 995)</b>

This grant was received to transform rural and urban community library infrastructure, facilities and services

**24.13 Provincial: COGTA**

Balance unspent at beginning of year	(2 914 474)	
Current year receipts	(2 100 000)	(2 914 474)
Conditions met - transferred to Revenue: Operating Expenses	85 482	-
Conditions still to be met - transferred to Liabilities (see Note 16)	<b>(4 928 992)</b>	<b>(2 914 474)</b>

This grant was utilised for the maintenance of roads in the jurisdiction area of the municipality. No funds have been withheld.

**24.14 Provincial: Extended Public Works Programme (EPWP)**

Balance unspent at beginning of year	(568 056)	-
Current year receipts	(7 990 000)	(7 837 000)
Conditions met - transferred to Revenue: Operating Expenses	-	-
Other Transfers: Grant debtor	3 350 427	7 268 944
Conditions still to be met - transferred to Liabilities (see Note 16)	<b>(5 207 629)</b>	<b>(568 056)</b>

This grant was used to incentivise provincial departments to increase job creation efforts in infrastructure, environment and culture programmes through the use of labour- intensive methods and the expansion of job creation in line with the EPWP guidelines.

<b>24.15 Provincial: LG Seta</b>		
Balance unspent at beginning of year	(17 046)	(24 395)
Current year receipts		(31 500)
Interest allocated		-
Conditions met - transferred to Revenue: Operating Expenses		-
Conditions met - transferred to Revenue: Capital Expenses		38 849
Other Transfers: Grant debtor		
Conditions still to be met - transferred to Liabilities (see Note 16)	<u>(17 046)</u>	<u>(17 046)</u>
This grant was utilised to construct a training centre for pupils of the fire services division.		
<b>24.16 Local: BPD: Cleaning of cemeteries/ LED Business Plans &amp; other</b>		
Balance unspent at beginning of year	(13 172)	(13 172)
Current year receipts		-
Conditions met - transferred to Revenue: Operating Expenses		-
Conditions still to be met - transferred to Liabilities (see Note 16)	<u>(13 172)</u>	<u>(13 172)</u>
This grant is received from district municipalities for the cleaning of cemeteries, LED business plans and various other initiatives.		
<b>24.17 Other: Royal Bafokeng: Western By-pass</b>		
Balance unspent at beginning of year	(4 563 739)	(4 563 739)
Conditions still to be met - transferred to Liabilities (see Note 16)	<u>(4 563 739)</u>	<u>(4 563 739)</u>
This grant was received with regards to the Western Bypass at the Royal Bafokeng Stadium, in order to ensure that the bypass made the stadium more accessible during the FIFA 2012 Soccer World Cup.		
<b>24.19 Other: National Lottery</b>		
Balance unspent at beginning of year	(11 771)	(11 771)
Conditions still to be met - transferred to Liabilities (see Note 16)	<u>(11 771)</u>	<u>(11 771)</u>
This grant was received from the National Lottery for the upgrading and maintaining of hospice facilities.		
<b>24.20 Other: Seed Funding</b>		
Balance unspent at beginning of year	(422 186)	(422 186)
Conditions met - transferred to Revenue: Capital Expenses		-
Conditions still to be met - transferred to Liabilities (see Note 16)	<u>(422 186)</u>	<u>(422 186)</u>
This grant was utilised for the maintenance of roads in the jurisdiction area of the municipality. No funds have been withheld.		
<b>24.21 Other</b>		
Balance unspent at beginning of year	(7 543 744)	(7 543 744)
Current year receipts		
Conditions met - transferred to Revenue: Operating Expenses		
Conditions met - transferred to Revenue: Capital Expenses		
Conditions still to be met - transferred to Liabilities (see Note 16)	<u>(7 543 744)</u>	<u>(7 543 744)</u>
Mostly received from local business in the promoting to various business ventures.		
<b>25 SERVICE CHARGES</b>		
Sale of Electricity	1 428 060 940	1 227 128 578
Sale of Water	272 460 935	343 580 940
Refuse Removal	82 526 746	79 497 332
Sewerage and Sanitation Charges	70 836 808	63 495 471
Other Service Charges	-	-
<b>Total Service Charges</b>	<u><b>1 853 885 429</b></u>	<u><b>1 713 702 320</b></u>
Attributable to:		
Continuing Operations	1 853 885 429	1 713 702 320
Discontinued Operations		-
	<u><b>1 853 885 429</b></u>	<u><b>1 713 702 320</b></u>
The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.		

<b>26 RENTAL OF FACILITIES AND EQUIPMENT</b>		
Rental Revenue from Amenities	938 147	903 514
Rental Revenue from Buildings	2 025 308	1 640 661
Rental Revenue from Halls	1 146 283	1 233 959
Rental Revenue from Land	1 997 094	1 463 215
Rental Revenue from Other Facilities	333 491	484 202
<b>Total Rental of Facilities and Equipment</b>	<b>6 440 323</b>	<b>5 725 552</b>
Attributable to:		
Continuing Operations	6 440 323	5 725 552
	<b>6 440 323</b>	<b>5 725 552</b>
Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.		
<b>27 INTEREST EARNED</b>		
<b>External Investments:</b>		
Bank Account		
Investments	27 859 662	53 558 462
	<b>27 859 662</b>	<b>53 558 462</b>
Total Interest Received		
Interest - Notice Deposits		-
Interest - Variable Rate Instruments	<b>27 859 662</b>	<b>53 558 462</b>
Interest - Other		-
Interest -Bank Account		-
<b>Outstanding Debtors:</b>		
Land Sales	55 154	55 262
Outstanding Billing Debtors	121 239 441	90 073 825
	<b>121 294 596</b>	<b>90 129 087</b>
<b>Total Interest Earned</b>	<b>149 154 258</b>	<b>143 687 549</b>
Interest Earned on Financial Assets, analysed by category of asset, is as follows:		
Available-for-Sale Financial Assets	(27 859 662)	(53 709 496)
Held-to-Maturity Investments		-
Loans and Receivables	121 294 596	110 594 400
	93 434 934	56 884 903
	<b>93 434 934</b>	<b>56 884 903</b>
Revenue recognised in respect of Financial Assets designated as at "fair value" is disclosed in Note 37.		
<b>28 OTHER INCOME</b>		
Building Plan Fees	355 369	535 811
Bank charges recovered	203 140	226 637
Application for clearance certificate	374 703	489 183
Service connections	4 961 722	4 884 619
Reconnection fees	5 592 481	4 289 392
Network upgrade contributions	2 045 967	-
Cemetery Fees	805 787	902 221
Advertising Signs	1 619 726	1 467 942
Legal Cost Recovered	97 294	56 051
Maintenance of Private Sidings	7 700	-
Prints	-	155 057
Photocopies	103 061	-
Tender Documents	1 204 525	1 408 330
Town Planning Fees	54 825	-
Settlement discount	110 345	1 147 360
Surplus cash	37 918	44 130
Sundry Income	11 191 077	3 379 608
Swimming pool fees	143 297	79 626
Excessive Provisions and Reserves	-	-
Write off of Creditors	59 550 400	-
<b>Total Other Revenue</b>	<b>88 459 337</b>	<b>19 065 967</b>
Attributable to:		
Continuing Operations	88 459 337	19 065 967
Discontinued Operations	-	-
	<b>88 459 337</b>	<b>19 065 967</b>

**29 EMPLOYEE RELATED COSTS**

Employee Related Costs - Salaries and Wages	<b>339 767 784</b>	<b>291 198 583</b>
Basic Salaries and Wages	312 656 976	265 176 503
Annual Bonus	18 763 826	17 244 843
Contribution to Leave Fund	8 346 983	8 777 236
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	<b>86 442 700</b>	<b>80 579 369</b>
Group Life	242 048	253 906
Medical	28 168 846	25 292 541
Pension	48 842 363	46 684 457
Industrial Council Levy	122 991	118 173
Skills Development Levy	3 469 231	3 138 339
UIF	2 855 121	2 507 626
Workmen's Compensation	2 742 101	2 584 328
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	<b>15 931 767</b>	<b>13 863 068</b>
Allowances	15 931 767	13 863 068
Housing Benefits and Allowances	1 237 604	1 456 837
Overtime Payments	35 224 963	32 453 730
Performance Bonuses		-
Other Employee Cost	1 750	-
Defined Benefit Plan Expense:	<b>34 963 144</b>	<b>19 443 668</b>
Current Service Cost	9 882 312	8 854 548
Interest Cost	13 798 418	10 769 390
Benefits Paid	(5 690 426)	-5 322 556
Net Actuarial (gains)/losses recognised	16 972 840	5 142 286
Less: Employee Costs allocated to Property, Plant and Equipment		-
Less: Employee Costs included in Other Expenses		-
<b>Total Employee Related Costs</b>	<b>513 569 712</b>	<b>438 995 255</b>
Attributable to:		
Continuing Operations	513 569 712	438 995 255
Discontinued Operations		-
	<b>513 569 712</b>	<b>438 995 255</b>



**30 Remuneration of Section 57 Employees:**
**Remuneration of the Municipal Manager**

Annual Remuneration	637 825	1 549 793
Performance Bonus	-	-
Car and Other Allowances	-	-
Company Contributions to UIF, Medical and Pension Funds	-	17 226
Accumulated leave payout	641 370	-
<b>Total</b>	<b>1 279 194</b>	<b>1 567 019</b>

**Remuneration of the Chief Financial Officer**

Annual Remuneration	927 642	887 837
Performance Bonus	-	-
Car and Other Allowances	280 040	180 000
Company Contributions to UIF, Medical and Pension Funds	205 866	200 243
Accumulated leave payout	-	-
<b>Total</b>	<b>1 413 548</b>	<b>1 268 081</b>

**Remuneration: Director: Planning and Development**

Annual Remuneration	895 676	828 614
Performance Bonus	-	-
Car and Other Allowances	130 561	120 000
Company Contributions to UIF, Medical and Pension Funds	89 260	94 050
Accumulated leave payout	-	-
<b>Total</b>	<b>1 115 497</b>	<b>1 042 664</b>

**Remuneration: Director: Corporate Services**

Annual Remuneration	1 145 317	564 618
Performance Bonus	-	-
Car and Other Allowances	11 666	60 000
Company Contributions to UIF, Medical and Pension Funds	59 051	3 901
Accumulated leave payout	-	-
<b>Total</b>	<b>1 216 034</b>	<b>628 519</b>

**Remuneration: Director: Local Economic Development**

Annual Remuneration	1 103 151	1 031 708
Performance Bonus	-	-
Car and Other Allowances	-	-
Company Contributions to UIF, Medical and Pension Funds	1 785	12 029
Accumulated leave payout	-	-
<b>Total</b>	<b>1 104 936</b>	<b>1 043 737</b>

**Remuneration: Director: Public Safety**

Annual Remuneration	1 024 107	1 108 546
Performance Bonus	-	-
Car and Other Allowances	78 328	77 000
Company Contributions to UIF, Medical and Pension Funds	1 487	10 499
Accumulated leave payout	-	-
<b>Total</b>	<b>1 103 923</b>	<b>1 196 045</b>

**Remuneration: Director: Infrastructure Development**

Annual Remuneration	820 895	759 894
Performance Bonus	-	-
Car and Other Allowances	169 938	158 400
Company Contributions to UIF, Medical and Pension Funds	225 073	219 872
Accumulated leave payout	-	-
<b>Total</b>	<b>1 215 906</b>	<b>1 138 167</b>

**Remuneration: Director: Community Development**

Annual Remuneration	438 944	995 533
Performance Bonus	-	-
Car and Other Allowances	28 416	77 000
Company Contributions to UIF, Medical and Pension Funds	744	10 600
Accumulated leave payout	-	-
<b>Total</b>	<b>468 104</b>	<b>1 083 133</b>

**Remuneration: Chief Operating Officer**

Annual Remuneration	1 376 811	1 292 181
Performance Bonus	-	-
Car and Other Allowances	123 386	108 000
Company Contributions to UIF, Medical and Pension Funds	1 785	14 512
Accumulated leave payout	-	-
<b>Total</b>	<b>1 501 982</b>	<b>1 414 692</b>

**Remuneration: Director Rust Rapid Transport**

Annual Remuneration	815 698	756 676
Performance Bonus	-	-
Car and Other Allowances	165 489	108 000
Company Contributions to UIF, Medical and Pension Funds	181 238	177 730
Accumulated leave payout	-	41 368
<b>Total</b>	<b>1 162 425</b>	<b>1 083 774</b>

<b>Remuneration: Deputy Chief Financial Officer</b>		
Annual Remuneration	711 674	217 899
Performance Bonus	-	-
Car and Other Allowances	276 953	27 333
Company Contributions to UIF, Medical and Pension Funds	129 886	30 040
Accumulated leave payout	-	-
<b>Total</b>	<b>1 118 513</b>	<b>275 272</b>
<i>This was a new position in 2012/13 financial year hence no comparative</i>		
No advances were made to employees.		
<b>30.1 REMUNERATION OF COUNCILLORS</b>		
Mayor	1 541 133	809 610
Speaker	684 888	430 306
Chief Whip	539 203	517 488
Executive Committee Members	5 522 785	5 361 374
Councillors	16 184 741	14 158 017
Company Contributions to UIF, Medical and Pension Funds	2 765 254	2 444 657
Pension Fund	-	-
<b>Total Councillors' Remuneration</b>	<b>27 238 004</b>	<b>23 721 452</b>
<b>31 DEPRECIATION AND AMORTISATION</b>		
Depreciation: Property, Plant and Equipment	348 552 033	393 361 787
Amortisation: Intangible Assets	527 461	74 968
Depreciation: Investment Property	7 035 696	7 035 696
<b>Total Depreciation and Amortisation</b>	<b>356 115 190</b>	<b>400 472 451</b>
<b>Depreciation and Amortisation:</b>		
Amortisation: Intangible Assets	-	-
Depreciation: Property, Plant and Equipment	348 552 033	393 361 787
Depreciation: Investment Property	7 035 696	7 035 696
<b>Total Depreciation and Amortisation</b>	<b>355 587 729</b>	<b>400 397 483</b>
Attributable to:		
Continuing Operations	355 587 729	400 397 483
Discontinued Operations	-	-
	<b>355 587 729</b>	<b>400 397 483</b>
<b>32 IMPAIRMENT LOSSES</b>		
<b>32.1 Impairment Losses on Fixed Assets</b>		
Property, Plant and Equipment	621 983	363 063
	<b>621 983</b>	<b>363 063</b>
<b>32.2 Impairment of Revenue</b>		
<b>Impairment Losses Recognised:</b>		
Other Impairment	54 215 222	6 704 995
Fines	22 784 932	-
	<b>77 622 137</b>	<b>6 704 995</b>
<b>Total Impairment Losses</b>	<b>77 622 137</b>	<b>7 068 058</b>
Attributable to:		
Continuing Operations	77 622 137	7 068 058
Discontinued Operations	-	-
<b>Total Impairment Losses</b>	<b>77 622 137</b>	<b>7 068 058</b>
<b>33 FINANCE COSTS</b>		
Bank Overdraft	-	-
Creditors Overdue	-	-
Finance Leases	-	-
Landfill Provision	-	2 703 336
Loans and Payables at amortised cost	15 719 288	11 929 818
Operating Leases	-	-
<b>Total Interest Expense</b>	<b>15 719 288</b>	<b>14 633 154</b>
Less: Amounts included in the Cost of qualifying Assets	-	-
<b>Total Interest Paid on External Borrowings</b>	<b>15 719 288</b>	<b>14 633 154</b>
Attributable to:		
Continuing Operations	15 719 288	14 633 154
Discontinued Operations	-	-
	<b>15 719 288</b>	<b>14 633 154</b>
The weighted average capitalisation rate on funds borrowed generally is 9.9% per annum		

<b>34 BULK PURCHASES</b>		
Electricity	1 235 268 209	884 102 114
Water	228 007 914	228 486 859
<b>Total Bulk Purchases</b>	<b>1 463 276 122</b>	<b>1 112 588 973</b>
Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom whilst Water is purchased		
<b>35 CONTRACTED SERVICES</b>		
Meter Reading	3 530 721	3 710 173
Pre-Paid Vending Management	-	-
Professional Fees	73 093 217	14 116 598
Security Services	17 352 059	16 715 972
Sewerage Purification	-	-
Valuation Services	3 562 308	794 904
IT Services	-	4 036 841
Training	5 364 234	6 360 461
Water Purification	-	-
Other Contracted Services	166 196 358	115 056 606
<b>Total Contracted Services</b>	<b>269 098 898</b>	<b>160 791 554</b>
Attributable to:		
Continuing Operations	269 098 898	160 791 554
Discontinued Operations	-	-
	<b>269 098 898</b>	<b>160 791 554</b>
<b>36 GRANTS AND SUBSIDIES PAID</b>		
Community Projects	499 194	1 051 979
Sport Events	-	50 323
<b>Total Grants and Subsidies</b>	<b>499 194</b>	<b>1 102 302</b>
<b>37 GENERAL EXPENSES</b>		
Included in General Expenses are the following:		
Advertising	5 351 866	6 366 620
Afcon activities	-	65 465 823
AVM Online Vending Service	5 721 762	6 353 394
Audit Fees	14 954 277	4 828 446
Bad Debts Written Off	63 151	342 948 560
Bank Charges	8 160 571	5 917 402
Chemicals and Poison	951 635	234 882
Contributions	4 462 926	2 506 332
Consulting fees	28 430	-
Electricity	-	8 747 406
Energy Efficiency & Demand Side Management Grants	3 766 524	-
Entertainment	518 537	552 794
Hiring of Equipment	199 500	3 180 283
IDP Activities	176 434	3 676 334
Implement correction of audit queries	-	91 067
Insurance	3 077 496	3 325 928
Lease Charges	1 525 899	897 795
Legal Claims	-	-
Legal Costs	671 261	8 793 630
Levies: SALGA	4 340 378	-
License fees	3 872 592	2 778 164
Materials and Stocks	4 165 712	3 999 443
Marketing Costs	505 197	605 324
Medical Examinations	98 733	-
Membership Fees	4 383 140	2 964 258
Photocopies	-	8 526 981
Postage and Telegrams	-	2 405 584
Printing of license cards	1 575 492	1 707 546
Protective Clothing & Safety Equipment	-	1 857 307
Provision- Landfill Sites	-	-
Refuse Removal	-	892 417
Rentals	7 570 217	7 914 077
Sanitation and Sewerage	-	853 300
Security Services	-	3 724 106
Stock Shortages/Surpluses	-	9 918
Telephone Cost	8 516 065	1 923 212
Tourism Strategy	-	-
Training Costs	2 425 884	3 585 244
Transport Costs	43 791 370	41 192 880
Travelling and Subsistence	2 421 905	2 505 089
Uniforms	-	1 695 546
Ward Committee Management	4 568 622	4 539 751
Waste Management	-	1 992 069
Water	-	5 999 076
Other General Expenses	107 780 068	57 599 742
<b>Total General Expenses</b>	<b>245 645 644</b>	<b>623 157 727</b>
The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense. Inter-departmental Charges are charged to other trading and economic services for support		

**38 CORRECTION OF ERROR**

Corrections were made and appropriated to the Accumulated Surplus Account during the financial years ended 30 June.

**Prior Period Error note**

*The cumulative effect of all of the above had the following impact on the annual financial statements:*

**Statement of financial position**

(Increase)/ Decrease in opening retained earnings	-	(154 882 353)
(Increase)/Decrease in reserves	-	6 548 151
Increase in property, plant and equipment	-	(134 071 356)
Increase in investment property	-	(20 648 243)
(Increase)/ Decrease in accumulated depreciation	-	7 967 010
Decrease in receivables from non-exchange revenue	-	-
Decrease in receivables from exchange revenue	-	(106 008 490)
Increase in VAT Receivable	-	23 464 563
Decrease in payables	-	(20 451 996)
Increase in current provision	-	-
Decrease in non-current provision	-	-
		<b>(398 082 713)</b>

**Statement of financial performance**

Decrease in depreciation	-	(6 252 773)
Decrease in appropriation/accumulated surplus	-	-
Increase in impairment	-	-
Decrease in rental of facilities and equipment	-	-
Increase in service charges	-	(100 898 414)
Decrease in Other Income	-	-
Increase in income from fines	-	-
Increase in general expense	-	-
Increase in repairs and maintenance	-	3 675 691
Decrease in interest from outstanding debtors	-	34 021 298
Increase in contracted services	-	-
Decrease in general expense	-	-
	-	<b>(69 454 198)</b>

**38.1 Effect of the above on the property, plant and equipment, and accumulated surplus:****Statement of Financial Position:**

Increase in PPE		(1 936 811)
Decrease in PPE		-
(Increase)/Decrease in accumulated depreciation		7 967 010
Decrease/(Increase) in accumulated surplus		(3 453 118)
		<b>2 577 083</b>

**Statement of Financial Performance:**

Increase in repairs and maintenance (incorrectly capitalised expenditure)		3 675 691
Decrease in depreciation		(6 252 773)
		<b>(2 577 082)</b>

*These changes are due to adjustment of assets which were over depreciated and others capitalised as negative amount. Some of the operational expenditure was reclassified from Capex to Opex*

**38.2 Effect of the above on the receivables and accumulated surplus****Statement of Financial Position:**

Decrease/(Increase) in accumulated surplus	5 312 927	15 789 208
Increase/(Decrease) in receivables	-	(106 008 490)
	<b>5 312 927</b>	<b>(90 219 281)</b>

**Statement of Financial Performance:**

Decrease/(Increase) on Service Charges		(100 898 414)
Decrease/(Increase) on Interest on outstanding debtors		20 520 575
Increase on Impairment of debtors		6 741 449
Decrease/(Increase) on Other income	(5 312 927)	163 855 671
	<b>(5 312 927)</b>	<b>90 219 281</b>

*The adjustment to revenue was due to accrual of water and electricity at year-end, recalculation of interest on debtors accounts and reclassification of expenditure to relevant accounts. Portion of impairment amount which was classified under Other income in 2012/13 was reversed and the excess amount disclosed as the impairment expense*

**38.3 Effect of the above on Payables and accumulated surplus****Statement of Financial Position:**

Decrease/(Increase) in accumulated surplus		(39 098 444)
Decrease/(Increase) in trade creditors		59 550 440
Decrease/(Increase) in payments received in advance		(20 451 996)
	-	-

*Decrease in trade creditors was the write-off of payables approved by Council due to no movement in the creditors*

**38.4 Effect of the above on VAT and accumulated surplus****Statement of Financial Position:**

Decrease/(Increase) in accumulated surplus		(23 464 564)
Increase/(Decrease) in VAT receivable		23 464 564
Decrease/(Increase) in VAT payable		-
	-	-

*The adjustment was to correct prior year understated VAT receivable due to non-recorded/reconciliation of VAT control account and VAT201*

**39 CASH GENERATED BY OPERATIONS**

Surplus / (Deficit) for the Year	(71 659 601)	281 612 652
Correction of Prior Year Errors		
Appropriations to/from Internal Reserves		
Depreciation and Amortisation	356 115 190	400 472 451
Impairment Losses on Property, Plant and Equipment	460 071 175	(163 855 671)
(Gains)/loss on Disposal of Property, Plant and Equipment	(10 459 667)	(1 468 275)
Other Movement on Property, Plant and Equipment		
Contribution to Retirement Benefit Liabilities	34 963 144	19 443 668
Accrued income	(557 673 840)	261 902 489
Contribution to Landfill site provision	(2 204 654)	2 703 334

**Operating surplus before working capital changes**

<b>209 151 746</b>	<b>800 810 648</b>
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Decrease/(Increase) in Inventories	(8 570 116)	(2 755 023)
Decrease/(Increase) in Receivables from Exchange Transactions	340 321 698	(349 182 782)
Decrease/(Increase) in Receivables from Non-exchange Transactions	31 438 755	(33 377 352)
Decrease/(Increase) in VAT Receivable	(83 581 616)	(36 364 196)
Decrease/(Increase) in Operating Lease Assets	(78 533)	(100 685)
Decrease/(Increase) in Current Portion of Lease Receivable	(19 932)	-
Increase/(Decrease) in Consumer Deposits	546 126	2 291 881
Increase/(Decrease) in Provisions	2 581 055	(15 783 925)
Increase/(Decrease) in Payables	(81 653 486)	234 953 996
Increase/(Decrease) in Conditional Grants and Receipts	78 195 056	76 628 559

**Cash generated by / (utilised in) Operations**

<b>488 330 754</b>	<b>677 121 121</b>
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**40 FINANCING FACILITIES****41 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED****41.1 Unauthorised Expenditure**

## Reconciliation of Unauthorised Expenditure:

Opening balance	1 063 936 181	449 811 217
Unauthorised Expenditure current year	51 165 847	614 124 964
Approved by Council or condoned	-	-
Unauthorised Expenditure awaiting authorisation	<b>1 115 102 028</b>	<b>1 063 936 181</b>

Employee Related Costs	29 392 712	15 334 952
Collection Costs	-	10 952
Depreciation and Amortisation	-	293 661 316
Finance Costs	-	2 718 952
General Expenses	21 217 341	302 398 792
Grants and Subsidies Paid	499 194	-
Remuneration of Councillors	56 600	-
<b>Total Current year unauthorised expenditure</b>	<b>51 165 847</b>	<b>614 124 964</b>

<b>41.2 Irregular Expenditure</b>		
Reconciliation of Irregular Expenditure:		
Opening balance	168 670 613	73 466 505
Irregular Expenditure current year	69 768 390	95 204 108
Condoned or written off by Council	-	-
Irregular Expenditure awaiting condonement	<b>238 439 003</b>	<b>168 670 613</b>
<b>42 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>42.1 Contributions to organised local government - SALGA</b>		
Opening Balance	-	-
Council Subscriptions	4 340 378	-
Amount Paid - current year	(4 340 378)	-
Amount Paid - previous years		
<b>Balance</b>	<b>-</b>	<b>-</b>
<b>42.2 Audit Fees</b>		
Opening Balance		
Current year Audit Fee	14 954 277	4 828 446
Amount Paid - current year	(14 954 277)	(4 828 446)
Amount Paid - previous years		
<b>Balance</b>	<b>-</b>	<b>-</b>
<b>42.3 VAT</b>		
All VAT returns have been submitted by the due date throughout the year.		
<b>42.4 PAYE, Skills Development Levy and UIF</b>		
Opening Balance		
Current year Payroll Deductions		
Amount Paid - current year		
<b>Balance Unpaid (included in Creditors)</b>	<b>-</b>	<b>-</b>
Opening Balance		
Current year Payroll Deductions and Council Contributions		
Amount Paid - current year		
Amount Paid - previous years		
<b>Balance Unpaid (included in Creditors)</b>	<b>-</b>	<b>-</b>
<b>42.6 Councillor's arrear Consumer Accounts</b>		
The following Councillors had arrear accounts outstanding for more than 90 days as at:		
<b>30 June 2013</b>	<b>Outstanding up to 90 days</b>	<b>Outstanding more than 90 days</b>
	30 397.01	30 397
CLR MMOLOTSI C N		
CLR TLHAPI PERCY	92 879.11	90 622
PHISTUS		
CLR WILLEMSE M	69 803.11	67 161
CLR SEGALÉ M	28 516.56	28 012
CLR SEGALÉ M	790.31	886
CLR OMARJEE M	18 631.22	18 315
CLR COETZEE D	47 185.06	46 548
CLR MOSOME PAKI	58 341.94	57 873
DAVID		
CLR MOKOWE NE	15 960.26	16 811
CLR BOTHOMANE	96 339.62	95 200
POGISO (Mr)		
	65 064.92	64 397
CLR MOLATLHEGI PAKO		
RUEBEN (Mr)		
CLR MZIZI J	18 114.66	17 790
CLR SERONGOANE PH		
CLR SEPOTOKELE M	3 135.81	4 032
CLR MAKOPPO TIEHO	38 587.10	37 618
CLR VOSLOO JM (Mr)	285.26	571
CLR MASHISHI-NTSIME JI	9 588.78	10 346
(Me)		
CLR DLUNGE WELCOME		42 975
CLR MOTLHASEDI	17 331.31	17 492
CLR MATABOGE AL (Mr)		3 448
DIBETSO-NYATHI		15 069
CLR MALAN A	-	-

30 June 2014

CLR BOTHOMANE POGISO (Mr)  
CLR COETZEE D  
CLR DLUNGE WELCOME  
CLR DU PLESSIS GERT JACOBUS (Mr)  
CLR LOMBAARD A  
CLR MAKOPO TIEHO  
CLR MALAN A  
CLR MASHISHI-NTSIMEJI (Me)  
CLR MASILO Q S  
CLR MMOLOTSI C N  
CLR MOKOWE NE  
CLR MOLATLHEGI PAKO RUEBEN (Mr)  
CLR MOSOME PAKAKI DAVID  
CLR MOTLHASEDI ROSINAH KGOMOTSO (Me)  
CLR MOTSHEGWE SANAH MMULE (Me)  
CLR MTYOTYWAELEANE BARNAD  
CLR MZIZI J  
CLR POOPEDI J M  
CLR SEGALE M  
CLR SEGAOLE B (Mr)  
CLR SEPOTOKELE M  
CLR SERONGOANE PH  
CLR TLHAPI PERCY PHISTUS  
CLR TSAMAI Agnes (Me)  
CLR VOSLOO JM (Mr)  
CLR VOSLOO JM (Mr)  
CLR VOSLOO JM (Mr)  
CLR WILLEMSE M

Outstanding up to 90 days	Outstanding more than 90 days
1 514	108 495
559	15 503
710	48 867
3 113	-
1 535	500
346	49 539
206	
100	5 378
175	1 313
640	35 038
500	4 902
521	72 694
938	67 433
100	18 558
382	1 167
960	83 275
458	24 070
334	44 917
92	29 402
841	1 900
12	2 056
338	5 207
974	101 928
1 283	-
88	261
310	944
902	2 674
1 404	75 771
<b>19 334</b>	<b>801 792</b>

#### 42.9 Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA

Material Electricity and Water Losses were as follows and are not recoverable:

##### Electricity:

Purchased during the year  
Sold during the year  
Unaccounted  
Normal distribution losses - % of electricity purchases  
Loss

2 014 R	2013 R
units (kWh)	units (kWh)
2 001 962 040	908 809 122
(1 837 815 892)	(737 401 216)
164 146 148	171 407 906
<b>164 146 148</b>	<b>171 407 906</b>
8%	18.86%
<b>101 282 899</b>	<b>92 765 959</b>

Electricity Losses occur due to *inter alia*, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections. The municipality is currently busy with an audit of bulk meters to find faulty meters and repair them. The problem with tampered meters and illegal connections is an on-going process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported.

##### Water:

Loss: Units  
Tariff  
Loss (R): At Cost

Units (kl)	Units (kl)
24 045 632	13 472 140
5.3675	4.9222
<b>129 065 466.00</b>	<b>66 312 568</b>
56%	

Water Losses occur due to *inter alia*, leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The municipality is currently busy with an audit of bulk meters to find faulty meters and repair them. The problem with tampered meters and illegal connections is an on-going process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repared as soon as they are reported.

#### 43 COMMITMENTS FOR EXPENDITURE

##### 43.1 Capital Commitments

Commitments in respect of Capital Expenditure:

##### - Approved and Contracted for:-

Infrastructure  
Community  
Concrete slab  
Investment Properties

1 053 672 245	1 439 617 255
6 691 496	8 352 321
-	-
-	-
<b>1 060 363 741</b>	<b>1 447 969 576</b>

##### 43.2 Operational Commitments

##### Total Commitments

This expenditure will be financed from:

External Loans  
Capital Replacement Reserve  
Government Grants

<b>1 060 363 741</b>	<b>1 447 969 576</b>
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### 43.3 Lease Commitments

Finance Lease Liabilities are disclosed in Note 19.

## 44 FINANCIAL INSTRUMENTS

### 44.1 Classification

Optional to disclose detail.

#### Non-current Investments

Electricity	Amortised cost	263 968 460	109 789 352
Refuse	Amortised cost	34 150 490	33 667 483
Sewerage	Amortised cost	29 468 654	28 562 739
Water	Amortised cost	117 791 018	120 457 191
Other Receivables	Amortised cost	38 757 637	117 726 488

#### Receivables from Non-exchange Transactions

Assessment Rates Debtors	Amortised cost	47 533 361	41 234 829
Payments made in Advance	Amortised cost	3 001 566	3 001 566
Short-term Loans	Amortised cost	2 144 620	2 144 620
Sundry Debtors	Amortised cost	22 008 695	73 117 207
Insurance Claims	Amortised cost	238 829	238 829
Accruals	Amortised cost		
Recoverable Works	Amortised cost		
Municipal Entities	Amortised cost		
Fruitless and Wasteful Expenditure	Amortised cost		
Irregular Expenditure	Amortised cost		
Unauthorised Expenditure	Amortised cost		

#### Cash and Cash Equivalents

Short-term Portion of Investments	Amortised cost	349 349 481	602 691 950
Cash Floats and Advances	Fair value	12 800	12 800
Other Cash Equivalents	Fair value		

#### Current Portion of Long-term Receivables

Car Loans	Amortised cost		
Other Finance Leases	Amortised cost	(31 850)	(31 850)
Housing Loans	Amortised cost		
Removal Cost Loans	Amortised cost		
Sale of Stand Loans	Amortised cost		
Study Cost Loans	Amortised cost		
Vehicle Loans	Amortised cost		
Receivables from Exchange Transactions	Water	117 791 018	120 457 191
Receivables from Exchange Transactions	Other Debtors	38 757 637	117 726 488
Receivables from Non-exchange Transactions	Irregular Expenditure		
Current Portion of Long-term Receivables	Car Loans		
Current Portion of Long-term Receivables	Housing Selling Scheme Loans		
Current Portion of Long-term Receivables	Other Finance Leases	(31 850)	(31 850)
Current Portion of Long-term Receivables	Debtors Capitalised Loans		
Current Portion of Long-term Receivables	Removal Cost Loans		
Current Portion of Long-term Receivables	Study Cost Loans		
Current Portion of Long-term Receivables	Vehicle Loans		

Cash and Cash Equivalents	Notice Deposits	281 947 399	556 294 639
Cash and Cash Equivalents	Short-term Portion of Investm	349 349 481	(602 691 950)
Cash and Cash Equivalents	Bank Balances	75 603 191	52 126 414
Cash and Cash Equivalents	Other Cash Equivalents		

143 018 096 98 536 525

#### Total Financial Assets

1 708 905 322 1 187 990 043



**FINANCIAL LIABILITIES:**

In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:

**Long-term Liabilities**

Local Registered Stock	Amortised cost		
Annuity Loans	Amortised cost		
Finance Lease Liabilities	Amortised cost		
Government Loans	Amortised cost		
Other Loans	Amortised cost		76 091 404

**Payables**

Trade Creditors	Amortised cost	232 741 502	376 572 094
Payments received in Advance	Fair value	67 157 888	53 740 477
Projects	Amortised cost	50 151 674	
Retentions	Amortised cost	50 151 674	21 984 836
Staff Bonuses	Amortised cost		
Staff Leave Accrued	Amortised cost	20 975 061	23 815 929

Staff Salaries

Sundry Deposits	Amortised cost	9 173 066	9 022 545
Other Creditors	Amortised cost	82 484 602	58 802 359

**Short-term Loans**

Call Bonds	Amortised cost		
Other Loans	Amortised cost		

**Bank Overdraft**

Bank Overdraft	Fair value		
----------------	------------	--	--

**Current Portion of Long-term Liabilities**

Local Registered Stock	Amortised cost		
Annuity Loans	Amortised cost		
Finance Lease Liabilities	Amortised cost	1 516 949	1 516 949
Government Loans	Amortised cost		

**SUMMARY OF FINANCIAL LIABILITIES****Derivative Instruments in designated Hedge Accounting Relationships:****Financial Liabilities at Amortised Cost:**

Long-term Liabilities	Local Registered Stock		
Long-term Liabilities	Annuity Loans		
Long-term Liabilities	Finance Lease Liabilities		
Long-term Liabilities	Other Loans		76 091 404
Payables	Trade Creditors	232 741 502	376 572 094
Payables	Projects		
Payables	Sundry Deposits	9 173 066	9 022 545
Payables	Other Creditors	82 484 602	58 802 359
Short-term Loans	Call Bonds		
Short-term Loans	Other Loans		
Current Portion of Long-term Liabilities	Local Registered Stock		
Current Portion of Long-term Liabilities	Annuity Loans		
Current Portion of Long-term Liabilities	Finance Lease Liabilities	1 516 949	1 516 949
Current Portion of Long-term Liabilities	Government Loans		
Current Portion of Long-term Liabilities	Other Loans	7 857 004	7 857 004
		<b>451 082 686</b>	<b>575 663 121</b>

**Financial Liabilities at Fair Value:**

Payables	Payments received in Advance	67 157 888	53 740 477
Bank Overdraft	Bank Overdraft		

**Total Financial Liabilities**

**518 240 573      629 403 599**

**44.2 Fair Value**

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate

**Cash and Short-term Investments**

The carrying amount approximates the Fair Value because of the short maturity of these instruments.

**Long-term Investments**

The Fair Value of some Investments are estimated based on quoted market prices of those or similar investments. Unlisted Equity Investments are estimated using the discounted cash flow method.

<b>Loan Receivables/Payables</b>			
<b>Total Financial Instruments</b>	<b>555 336 019</b>	<b>1 188 024 789</b>	<b>(375 222 478)</b>
<b>Unrecognised Gain / (Loss)</b>			<b>(1 563 247 267)</b>

The Financial Instruments of the municipality have been reclassified as disclosed in Note 38.3, Change in Accounting Policy.

No Financial Instruments of the municipality have been reclassified during the year.

**Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities**

Level 1:-

Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-

Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3:-

Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation Class is one level lower than category.

<b>30 June 2013</b>	<b>Level 1 R</b>	<b>Level 3 R</b>	<b>Total R</b>
<b>FINANCIAL ASSETS</b>			
<b>Financial Instruments at Fair Value:</b>			
Listed Investments	-		
Municipal Stock	-		
Notice Deposits	-		
Call Deposits	-		
Short-term Portion of Investments	-		
Bank Balances and Cash	-		

**Financial Instruments at Fair Value:**

Government Loans	-		
Other Loans	-		
Bank Overdraft	-		

**Total Financial Liabilities**
**Total Financial Instruments**
**30 June 2014**

	Level 1 R	Level 3 R	Total R
--	--------------	--------------	------------

**FINANCIAL ASSETS**
**Financial Instruments at Fair Value:**

Listed Investments	-		
Municipal Stock	-		
Fixed Deposits	-		
Notice Deposits	-		
Call Deposits	-		
Short-term Portion of Investments	-		

Bank Balances and Cash

**Total Financial Assets**
**FINANCIAL LIABILITIES**
**Financial Instruments at Fair Value:**

Local Registered Stock Loans	-		
Annuity Loans	-		
Finance Lease Liabilities	-		
Government Loans	-		
Other Loans	-		
Payments Received in Advance	-		
Bank Overdraft	-		

**Total Financial Liabilities**
**Total Financial Instruments**
**44.3 Capital Risk Management**

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 7, Cash and Cash Equivalents and

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and

**Gearing Ratio**

In terms of the municipality's five year financial plan, financial benchmarks, year-on-year in respect of the debt-to-equity ratio, is reflected at 95,00% reducing 90,00%. This aggressive ratio is as a result of the development challenges faced by the municipality. The rate of borrowing is well below

The municipality's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the

	2014 R	2013 R
The gearing ratio at the year-end was as follows:		
Debt	260 810 914	85 465 357
Cash and Cash Equivalents	(75 615 991)	(52 139 214)
Net Debt	185 194 923	33 326 143

Debt is defined as Long- and Short-term Liabilities

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of  
The municipality seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial  
The Department of Finance monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks  
The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These  
The Corporate Treasury function reports quarterly to the municipality's risk management committee, an independent body that monitors risks and policies  
implemented to mitigate risk exposures.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit

**44.5 Significant Risks**

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risk

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

#### **Market Risk**

The municipality's activities expose it primarily to the financial risks of changes in interest rates. No formal policy exists to hedge volatilities in the interest

#### **Credit Risk**

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

#### **Liquidity Risk**

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements.

#### **44.6 Market Risk**

The municipality's activities expose it primarily to the financial risks of changes in interest rates. No formal policy exists to hedge volatilities in the interest

- interest rate swaps to mitigate the risk of rising interest rates.

Market risk exposures are measured using value-at-risk (VaR) and are supplemented by sensitivity analysis.

The municipality's activities expose it primarily to the financial risks of changes in interest rates. No formal policy exists to hedge volatilities in the interest

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

##### **44.6.1 Foreign Currency Risk Management**

The municipality undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest

##### **44.6.2 Interest Rate Risk Management**

*Interest Rate Risk* is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of

Financial Assets and Liabilities that are sensitive to interest rate risk are cash and cash equivalents, investments, and loan payables. The municipality is

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, other debtors, bank and cash

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors,

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank,

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Consumer debtors are

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "demand for payment", "restriction of services"

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the

The municipality is exposed to interest rate risk as the municipality borrows funds at fixed interest rates. The risk is managed by the municipality by

The municipality is exposed to interest rate risk as the municipality borrows funds at both fixed and floating interest rates. The risk is managed by the

The municipality is not exposed to interest rate risk as the municipality borrows funds at fixed interest rates.

The municipality is not exposed to credit interest rate risk as the municipality has no borrowings.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this

#### **Interest Rate Sensitivity Analysis**

The municipality had no floating rate long-term financial instruments at year-end requiring an Interest Rate Sensitivity Analysis.

The sensitivity analysis below was determined based on the exposure to interest rates at the reporting date. For variable rate long-term instruments, the

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is

#### **Cash and Cash Equivalents:**

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the municipality's:

#### **44.7 Credit Risk Management**

*Credit Risk* refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality

*Credit Risk* refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality

Potential concentrations of credit rate risk consist mainly of fixed deposit investments, long-term receivables, other debtors, bank and cash balances.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors,

#### **Investments/Bank, Cash and Cash Equivalents**

Refer to <http://www.fidfund.co.za/banking-options/bank-credit-ratings/> for the most updated ratings.

The municipality limits its counterparty exposures from its short-term investments (financial assets that are neither past due nor impaired) by only dealing

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired)

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired)

#### **Trade and Other Receivables**

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in

Trade Receivables consist of a large number of customers, spread across diverse industries in the geographical area of the municipality. Periodic credit

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas within the jurisdiction of the

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "demand for payment", "restriction of services". The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- The application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any
- A new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the
- The consolidation of rates and service accounts, enabling the disconnecting services for the non-payment of any of the individual debts, in terms of
- The requirement of a deposit for new service connections, serving as guarantee and are reviewed annually;
- Encouraging residents to install water management devices that control water flow to households, and/or prepaid electricity meters.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

	2014 R	2013 R
An audit query was raised as to whether the amounts disclosed in terms of IFRS 7.36 should be GROSS or NETT. The paragraph indicated that the		
Fixed Deposit Investments		495 780
Finance Lease Receivable	2 622 751	2 622 751
Consumer Debtors	24 836 846	1 551 282 607
Other Debtors	11 225 314	227 552 482
Bank, Cash and Cash Equivalents	654 680 130	916 552 791
<b>Maximum Credit and Interest Risk Exposure</b>	<b>693 365 041</b>	<b>2 698 506 410</b>

**RUSTENBURG LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**44 FINANCIAL INSTRUMENTS (Continued)**

**44.8 Effective Interest Rates and Repricing Analysis**

In accordance with IAS 32.67(a) and (b) the following tables indicate the average effective interest rates of Income-earning Financial Assets and Interest-bearing Financial Liabilities at the reporting date and the periods in which they mature or, if earlier, reprice:

**30 June 2013**

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
<b>VARIABLE RATE INSTRUMENTS</b>								
Short-term Investment Deposits	7		602 540 916	494 841 970	-	-	-	-
Bank Balances and Cash	7		(602 528 116)	47 127 950	-	-	-	-
<b>Total Fixed Rate Instruments</b>			<b>12 800</b>	<b>541 969 920</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**30 June 2014**

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
<b>VARIABLE RATE INSTRUMENTS</b>	#	%	R	R	R	R		R
Short-term Investment Deposits	7		349 362 619	-	-	-	-	-
Bank Balances and Cash	7		(349 349 819)	-	-	-	-	-
<b>Total Fixed Rate Instruments</b>			<b>12 800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**44.9 Other Price Risks**

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

**45 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION**

All councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

The Municipal Councillors Fund and the Municipal Gratuity Fund are defined contribution plans. All of these afore-mentioned funds are multi-employer plans. Sufficient information

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.  
(ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

**Municipal Councillors Pension Fund:**

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

**Municipal Joint Pension Fund:**

Municipal Joint Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (7,5%) and Council (22,00%) is sufficient to fund the benefits accruing from the fund in the future.

**National Fund for Municipal Workers - Pension Fund:**

National Fund for Municipal Workers operates as a defined contribution scheme. The contribution rate paid by the members (7,5%) and Council (22,00%) is sufficient to fund the benefits accruing from the fund in the future.

**Municipal Employees Pension Fund:**

The Municipal Employees Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (7,5%) and Council (22,00%) is sufficient to fund the benefits accruing from the fund in the future.

**Municipal Gratuity Fund:****46 RELATED PARTY TRANSACTIONS****46.1 Services rendered to Related Parties**

Transactions with key management personnel

Due to the nature of the municipality, there are services provided to some of the key management personnel however they are provided at municipal approved rates applicable to all members of the public.

	Rates Charges R	Service Charges R	Sundry Charges R	Total R
For the Year ended 30 June 2013				
Councillors	22 545	644 938	-	667 483
Municipal Manager and Section 57 Personnel	18 636	-	-	18 636
Municipal Entities	-	-	-	-
Total Services	<b>41 181</b>	<b>644 938</b>	<b>-</b>	<b>686 119</b>
For the Year ended 30 June 2014				
Councillors	-	-	-	-
Municipal Manager and Section 57 Personnel	21 996	40 241	18 459	80 697
Municipal Entities	-	-	-	-
Total Services	<b>21 996</b>	<b>40 241</b>	<b>18 459</b>	<b>80 697</b>

**46.2 Loans granted to Related Parties**

The loan reflect the outstanding balance due by RWST on the finance lease agreement

2014	2013
2 576 259	2 662 751

**46.3 Compensation of Related Parties**

Compensation of Key Management Personnel and Councillors is set out in Notes 29 and 30 respectively, to the Annual Financial Statements.

**46.4 Other Related Party Transactions****Municipal Entity**

	2014	2013
Water purchased from RWST	89 170 407	76 156 085
Accounts Payable	-31 394 269	(8 709 981)
Interest Received	-286 143	(288 208)

The transactions between the Rustenburg Local Municipality and the Rustenburg Water Services Trust is classified as related party transaction. The nature of the relationship is that Rustenburg Local Municipality is the sole beneficiary of the trust and has the right to appoint 4 representatives on the board of trustees.

2014 R	2013 R
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**47 CONTINGENT LIABILITIES****47.1 Bank Guarantees:**

These guarantees are issued in favour of the following:

- S A S en Havens R 400	400	400
- Eskom Holdings Limited R 11 299	11 299	11 299
- Magalies Water R 1 169 438	1 169 438	1 169 438

**47.2 Court Proceedings:****47.2 Court Proceedings: Contingent Liabilities****7 028 000.00**

(1) Payment dispute over water supply with Government pension fund Claim against RLM withdrawn by GEPF. Costs tendered to RLM	300 000.00
(2) Claim for alleged monies owed to Renaissance security This was claim was made with regards to outstanding payments that the municipality owes for service rendered. Claim has doubtful merits but matter still pending	800 000.00
(3) Claim for damages against the G4S Security for loss of an amount of R10 million collected from the vending machine The other party is prepared to settle the case at the amount of R 400 000. The RLM appears not to have a good case because presently there is no evidence to disprove their claims.	300 000.00
Numerous requests were made for any proof to the contrary but nothing to date has been provided to the Attorneys thus: still awaiting trial.	
(4) Claim for Interdicting RLM to dispose or transfer of Erf 2252 Rustenburg Extension 9 by Xstrata South Africa. Matter settled and now awaiting transfer of land confirmation to R.L.M	400 000.00
(5) Claim by Absa Trust and others against RLM for wrongful Interpretation and Enforcement of Contract Parties are still exchanging pleadings.	250 000.00
(6) Claim for damages in the amount of R50, 000.00 for wrongful arrest and detention by Tsela Kotela Parties are still exchanging pleadings.	80 000.00
(7) Claim for damages by Telkom SA Limited Parties are still exchanging pleadings.	20 000.00
(31) Court Order for Eviction in terms of P.I.E. Act by OJS Fourie against R.L.M and 20 illegal occupants Matter settled and awaiting transfer of land and confirmation to R.L.M	400 000.00
(32) Application for re-connection of electricity by Fair distributors 9. Matter settled out of Court and to be closed	100 000.00
(46) Claim by Othusitse Rapoo against RLM alleging discrimination on the grounds of victimization We have already held a pre trial conference. We await an allocation of trial date from the court	123 000.00
(47) Claim by Othusitse Rapoo against RLM alleging discrimination on the grounds of mental illness We have already held a pre trial conference. We await an allocation of trial date from the court	110 000.00
(48) Claim by Othusitse Rapoo against RLM alleging Review application of the SALGBC's Award for dismissal of Applicant's alleged Unfair Labour Dispute. We have filed our answering affidavit, we are proceeding to file our heads of argument since the Applicant	115 000.00
(49) Claim by Unit Managers against RLM regarding a dispute over a notch increase Both parties have exchanged pleadings and the applicants will now have to make arrangements for the pre-paginating the court file and arranging for the matter to be set down for trial	100 000.00
(50) Claim by Ramadikela against RLM regarding A review application to set aside an arbitration award of the CCMA in favour of RLM. The pleadings in the review application have been exchanged and the same has happened in respect of an interlocutory application to strike out brought by Mr Ramadikela's attorneys as well. The review application was scheduled for hearing on 13 June 2014 but was removed from the roll by his attorneys after he passed away	30 000.00
(51) Claim by Mabetwa Enviro & Safari Guide against RLM regarding Breach of Agreement Removed from the roll	300 000.00
(52) Claim by Michael Sibongile Mabena for Vandalism to property (3 Vodacom Public Phones Containers) by Rustenburg Local Municipality (Traffic Officers) We were waiting for the complainant to issue summons if any, against the Municipality. To date nothing has happened	80 000.00
(53) Claim by Thomas Alexander Brough and Others against RLM for Demolishing of structures We were waiting for the complainant to issue summons if any, against the Municipality. To date nothing has happened	150 000.00
(54) Claim by HN Engelbrecht against RLM for Damages of watermelons in the amount of R10 000-00. We have not received summons from the other side	20 000.00
(55) Claim for compensation for injuries sustained by Ben Loyd Molapo as a result of severe electric burns when the Plaintiff stepped on a fallen electric cable. Parties are still exchanging pleadings.	200 000.00
(56) Application for Review of the Council Resolution regarding the removal of all advertising gantries by Lesedi News CC The other side applied for trial date at the North West High Court, Mahikeng. Date allocated for the 01 August	750 000.00
(58) Court order to Restrain RLM to interdict the construction of RRT Route at R510 road due to the allegations of the absence of the Water Use Licence as required by the National Water Act. The applicant applied for Rule 35 (to inspect documents referred to in our papers). No date yet	300 000.00
(59) Declaratory Order to compel the Respondent (RLM) to comply with applicable legislation with regard the RRT Network	1 000 000.00
(60) Declaratory Order by KE Enterprises to compel the RLM to comply with applicable legislation with regard the RRT Network Interdict against RLM not to release the retention money to Mozadem Civils in respect of Ikemeleng water reticulation project	200 000.00
(61) Declaratory Order by RLM to A Tayob Claim in the amount of R439 182-00 representing the outstanding amount for the Software provided by the Plaintiff (Breach of Contract).	300 000.00
(62) Urgent Application by RLM against Simon Segone and others to interdict the Respondents from intimidating,	300 000.00
(63) Claim in the amount of <b>R439 182-00</b> representing the outstanding amount for the Software provided by Unisoft Pty against RLM (Breach of Contract).	300 000.00

**CONTINGENT ASSETS****47.3 Court Proceedings: Contingent Assets****10 842 816.00**

(8) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs MD Setae Parties are still exchanging pleadings.	8 000.00
(9) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs SD Tshose Parties are still exchanging pleadings.	8 000.00
(10) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs BB Bosman Parties are still exchanging pleadings.	8 000.00
(11) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs LP Dube Parties are still exchanging pleadings.	8 000.00
(12) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs JA Jonker Parties are still exchanging pleadings.	8 000.00
(13) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs AK Kgopane Parties are still exchanging pleadings.	8 000.00
(14) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs MC Maponyane Parties are still exchanging pleadings.	8 000.00
(15) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs LF Moagi Parties are still exchanging pleadings.	8 000.00
(16) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs M Moonsammy Parties are still exchanging pleadings.	8 000.00
(17) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs DB Mpofu Parties are still exchanging pleadings.	8 000.00
(18) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs OW Phoi Parties are still exchanging pleadings.	8 000.00



(19) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs GT Seakatsie Parties are still exchanging pleadings.	8 000.00	
(20) Claim to recover the amount of R161 000-00 previously paid to the Receiver of Revenue in respect of the initial transfer of the property from the RLM to the MFM Motor Spares. A Power of Attorney was drafted and it was sent to Theron Jordaan & Smit Attorneys in Klerksdorp to do the necessary.	45 000.00	
(21) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs E Molefe Judgment was granted and we await Warrant of Execution from Sheriff	45 000.00	
(22) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs VN Myoli Decision was taken not to proceed with the Exceptions and that the matter will be set down for trial. Discovery Notice was filed and awaiting trial date.	45 000.00	
(23) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs RR Pietersen Judgment was granted and we await Warrant of Execution from Sheriff	45 000.00	
(24) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs NR Adams Decision was taken not to proceed with the Exceptions and that the matter will be set down for trial. Discovery Notice was filed and awaiting trial date.	45 000.00	
(25) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs JC Eyman Judgment was granted and we await Warrant of Execution from Sheriff	45 000.00	
(26) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs EM Gierke Decision was taken not to proceed with the Exceptions and that the matter will be set down for trial. Discovery Notice was filed and awaiting trial date.	45 000.00	
(27) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs KM Kgosana Judgment was granted on 19 February 2013; awaiting Warrant of Execution from Sheriff	45 000.00	
(28) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs M Kruger Judgment was granted; awaiting Warrant of Execution from Sheriff	45 000.00	
(29) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs LM Lekotoane Judgment was granted; awaiting Warrant of Execution from Sheriff	45 000.00	
(30) Action against IBD for declaring the sale agreement of land invalid and return of purchase price – High Court - Mafikeng.	10 000 000.00	
(33) Court order for eviction by RLM against Martin Van Wyk at Amberboom Awaiting Sheriff's return of service.	9 300.00	
(34) Court order for eviction by RLM against Moses Morakeng at Amberboom Debtor settled arrears	10 101.00	
(35) Court order for eviction by RLM against Ntiale Mafora at Amberboom Awaiting Sheriff's return of service and Warrant of Execution and Eviction	9 760.00	
(36) Court order for eviction by RLM against Lebang Oletse at Amberboom Matter settled before the tribunal and debtor to make payment	9 900.00	
(37) Court order for eviction by RLM against CR Cole at Amberboom Awaiting Sheriff's return of service and Warrant of Execution and Eviction	2 900.00	
(38) Court order for eviction by RLM against J Ferris at Amberboom Debtor settled arrears	2 850.00	
(39) Court order for eviction by RLM against ND Khunou at Amberboom Awaiting Sheriff's return of service.	10 700.00	
(40) Court order for eviction by RLM against JM Van Zyl at Amberboom Awaiting Sheriff's return of service.	3 380.00	
(41) Court order for eviction by RLM against Tlolang at Amberboom Awaiting Sheriff's return of service.	8 900.00	
(42) Court order for eviction by RLM against PM Janse Van Rensburg at Amberboom Awaiting Sheriff's return of service.	2 750.00	
(43) Court order for eviction by RLM against Gracy Chauke at Amberboom Awaiting Sheriff's return of service.	9 450.00	
(44) Court order for eviction by RLM against S Sedile at Amberboom Awaiting Sheriff's return of service.	9 625.00	
(44) Court order for eviction by RLM against Dikeledi Morudi at Amberboom Awaiting Sheriff's return of service.	7 200.00	
(57) Court order to Restrain the operation of illegal tavern and/or demolition of illegal structure by RLM against Randy's Tavern Matter removed from the court roll.	200 000.00	
<b>47.4 Landfill Sites:</b>		
The municipality does not have permits for the following landfill sites:		
<ul style="list-style-type: none"> <li>- Bethanie</li> <li>- Lethabong</li> <li>- Marikana</li> <li>- Monnaka</li> <li>- Phatsima</li> </ul>		
The municipality might be fined and penalised for operating unlicensed landfill sites by the Department of Environmental Affairs. However, municipality could not reliably estimate the probable fine that might be incurred as there are no known similar cases against other municipalities.		
<b>IN-KIND DONATIONS AND ASSISTANCE</b>		
The municipality received the following in-kind donations and assistance:		
(i) Secondment of SAICA trainees		
(ii) School of excellence	600 000.00	-
(iii) Saturday school - ABSA	150 000.00	-
(iv) Saturday school - Standard Bank	200 000.00	-
<b>PRIVATE PUBLIC PARTNERSHIPS</b>		
The municipality was not a party to any Private Public Partnerships during the year under review.		
<b>EVENTS AFTER THE REPORTING DATE</b>		
No material events occurred with respect to the 2013/2014 financial year end after the date of the statement of financial position in respect of		
<b>COMPARATIVE FIGURES</b>		
The comparative figures were restated as a result of the effect of Prior Period Errors.		

**RUSTENBURG LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**49 BUDGET INFORMATION**

**49.1 Budgetary basis and period**

The budget was prepared and presented on accrual basis in line with the accrual basis of accounting in the financial statements.  
The budget was prepared for an annual period which is similar to the financial period of municipalities i.e. 1 July to 30 June.

**49.2 Changes from approved to final budget**

**Explanations of material variances**

Description	AFS (RWST) excl	RWST - Budget	B Schedule	Differences	Differences
	R	R	R	R	%
<b>REVENUE</b>					
Property Rates	178 354		174 156	4 198	Virement
Fines	13 854		13 854	0	
Licence and Permits	11 819		9 619	2 200	Calculation errors - Adjust
Income for Agency Services	9 977		19 977	(10 000)	Virement
Government Grants and Subsidies Received	1 432 488		355 078	1 077 410	Operational grant plus capital grants
Service Charges	2 205 998	125 581	2 343 989	(12 410)	Income Foregone not considered correctly
Rental of Facilities and Equipment	15 364		15 164	200	Calculation errors - Adjust
Interest Earned - External Investments	22 299	7 678	29 977	2 339	RWST Budget included
Interest Earned - Outstanding Debtors	125 090		125 090	0	
Other Income	40 682		42 725	(2 043)	Calculation errors - Adjust
Gains on Disposal of Property, Plant and Equipment	30 072		30 072	(0)	
				-	
<b>Total revenue</b>	<b>4 085 996 550</b>	<b>133 259 292</b>	<b>3 159 701</b>	<b>1 061 894</b>	
<b>EXPENDITURE</b>					
Employee Related Costs	484 177		484 177	0	
Remuneration of Councillors	27 181		27 181	0	
Collection Costs	18 900			19 990	On B Schedule added to General Expenses
Depreciation and Amortisation	387 612	15 580	421 282	(18 090)	Virements to various vote
Impairment Losses	205 000		205 000		
Repairs and Maintenance	161 917		149 028	12 889	Virements to various vote
Finance Costs	24 371	26 200	50 571	(2 339)	RWST Budget Included
Bulk Purchases	1 636 663		1 674 192	(37 529)	Virements to various vote
Contracted Services	296 119	43 824	262 354	77 952	Virements to various vote
Grants and Subsidies Paid	-		476	(476)	Added to General Expenses
General Expenses	235 176	17 780	323 019	(51 527)	Virements to various vote
Loss on Disposal of Property, Plant and Equipment					
	<b>3 477 115 921</b>	<b>103 384 198</b>	<b>3 597 280</b>	<b>871</b>	

**49.3 Explanation of material variances**

Description	2013/14 Actual	2013/14 Budget	2013/14 Variance	2013/14 Variance	Explanation of Material Variances greater than 10% versus Budget
	R	R	R	%	
<b>REVENUE</b>					
Fines	37 793 658	13 854 409	23 939 249	172.79	Revenue from illegal dumping not realized
Licences and Permits	9 812 782	11 819 215	(2 006 433)	(16.98)	Under collection as anticipated
Government Grants and Subsidies	1 116 300 305	1 432 487 733	(316 187 428)	(22.07)	Includes Capital budget revenue
Service Charges	1 853 885 430	2 205 997 730	(352 112 300)	(15.96)	Reduction in mining activities during strikes
Rental of Facilities and Equipment	6 440 323	15 364 052	(8 923 729)	(58.06)	Mainly due to free use of facilities non tariff increases
Interest Earned - External Investments	27 859 662	22 298 737	5 560 925	24.94	Bulk unspent conditional grants invested
Interest Earned - Outstanding debtors	112 994 345	125 090 456	(12 096 111)	(9.67)	Rectification of 2012/13 audit query on interest calculation
Other Income	88 459 337	40 681 796	47 777 541	117.44	Various small line items grouped together,
Gains on Disposal of Property, Plant and Equipment	10 459 667	30 071 607	(19 611 940)	(65.22)	Local economic conditions melt down
<b>EXPENDITURE</b>					
Employee Related Costs	513 569 712	484 177 000	29 392 712	6.07	Actuarial valuation and unauthorised expenditure under investigation
Remuneration of Councillors	27 238 004	27 181 404	56 600	0.21	
Depreciation	356 115 190	387 612 451	(31 497 261)	(8.13)	Due to year end depreciation calculation
Impairment Losses	460 071 175	205 000 000	255 071 175	-	
Repairs and Maintenance	158 837 665	161 916 682	(3 079 017)	(1.90)	
Interest Paid	15 719 288	24 370 965	(8 651 577)	(35.50)	Acquisition of loan delayed. Repayments will impact on 2014/15
Bulk Purchases	1 463 276 122	1 636 662 959	(173 386 837)	(10.59)	Reduction in mining activities during strikes
Contracted Services	269 098 898	296 119 026	(27 020 128)	(9.12)	
Grants and Subsidies Paid	499 194	-	499 194	-	
General Expenses	245 645 644	235 175 534	10 470 110	4.45	

# **RUSTENBURG LOCAL MUNICIPALITY**

## **CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**

**for the year ended 30 June 2014**



**RUSTENBURG LOCAL MUNICIPALITY**  
**CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

**REPORT OF THE CHIEF FINANCIAL OFFICER**

**1. INTRODUCTION**

It gives me great pleasure to present the financial position of Rustenburg Local Municipality at 30 June 2014 and the results of its operations and cash flows for the year then ended.

These Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2010/11 financial period is set out in Directive 5 issued by the ASB on 11 March 2009.

**2. KEY FINANCIAL INDICATORS**

The following indicators are self-explanatory. The percentages of expenditure categories are well within acceptable norms and indicate good governance of the funds of the municipality.

**Financial Statement Ratios:**

INDICATOR	2013	2014
Surplus / (Deficit) before Appropriations	302,718,309	(37,327,984)
Surplus / (Deficit) at the end of the Year	7,078,999,055	7,041,082,936
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	14.86%	14.55%
Remuneration of Councillors	0.80%	0.77%
Collection Costs	0.68%	0.54%
Depreciation and Amortisation	13.64%	10.09%
Impairment Losses	0.01%	13.04%
Repairs and Maintenance	5.34%	4.50%
Interest Paid	0.50%	0.45%
Bulk Purchases	37.67%	41.46%
Contracted Services	5.44%	7.62%
Grants and Subsidies Paid	0.04%	0.01%
General Expenses	21.02%	6.96%
Current Ratio:		
Creditors Days	65	52
Debtors Days	97	68

**3. OPERATING RESULTS**

Details of the operating results per segmental classification of expenditure are included in Appendix "D".

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results per category of expenditure, together with an explanation of significant variances of more than 10% from budget, are included in Appendix "E (1)".

The services offered by Rustenburg Local Municipality can generally be classified as Rates and General, Economic and Trading Services and are discussed in more detail below.

The overall operating results for the year ended 30 June 2014 are as follows:

DETAILS	Actual 2012/13 R	Actual 2013/14 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
<b>Income:</b>					
Opening surplus / (deficit)	6,776,981,505	7,078,999,055	4.27%	-	-
Operating income for the year	3,285,790,820	3,510,209,658	6.39%	4,219,256,032	-16.81%
	9,861,714,842	10,589,208,712	6.87%	4,219,256,032	151%
<b>Expenditure:</b>					
Operating expenditure for the year	2,983,072,512	3,547,537,642	18.92%	3,580,500,061	1%
Closing surplus / (deficit)	7,078,999,055	7,041,082,936	-0.54%	913,528,770	-671%
	9,861,714,842	10,588,620,578	7.37%	3,523,273,137	-201%
	-	-		-	

#### 4. RECONCILIATION OF BUDGET TO ACTUAL

##### 4.1 Operating Budget:

DETAILS	2013	2014
<i>Variance per Category:</i>		
Budgeted surplus before appropriations		
Revenue variances	(397,379,593)	(761,731,676)
Expenditure variances:		
Employee Related Costs	(15,334,952)	(26,082,808)
Remuneration of Councillors	1,774,959	(56,600)
Collection Costs	(10,952)	(213,064)
Depreciation and Amortisation	(293,661,316)	47,077,173
Impairment Losses	101,012,267	(255,071,175)
Repairs and Maintenance	2,938,020	13,179,017
Interest Paid	(2,718,952)	34,851,712
Bulk Purchases	153,030,878	217,574,049
Contracted Services	10,227,200	27,636,478
Grants and Subsidies Paid	1,610,318	(499,194)
General Expenses	(302,398,792)	(7,079,484)
Loss on disposal of Property, Plant and Equipment	-	-
Actual surplus before appropriations	172,617,855	(710,415,572)

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results per category of expenditure, together with a criptic explanation of significant variances of more than 10% from budget, are included in Appendix "E (1)".

#### 5. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2014 amounted to R6 783 809 999 (30 June 2013: R6,908,439,153) and is made up of:

Accumulated Surplus	6,783,809,999
	<u>6,783,809,999</u>

The municipality, in conjunction with its own capital requirements and external funds (external loans and grants) is able to finance its annual infrastructure capital programme.

Refer to Note 22 and the Statement of Change in Net Assets for more detail.

#### 6. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June 2014 was R260 810 914 (30 June 2013: R86 924 000).

Refer to Note 19 and Appendix "A" for more detail.

#### 7. RETIREMENT BENEFIT LIABILITIES

The outstanding amount of Retirement Benefit Liabilities as at 30 June 2014 was R166 878 642 (30 June 2013: R135 421 829).

This liability is in respect of continued Health Care Benefits for employees of the municipality after retirement being members of

Refer to Note 20 for more detail.

#### 8. NON-CURRENT PROVISIONS

Provision for Long-term Service	21,236,573
Provision for Rehabilitation of Land-fill Sites	17,143,225
	<u>38,379,798</u>

These provisions are made in order to enable the municipality to be in a position to fulfill its known legal obligations when they become due and payable.

Refer to Note 21 for more detail.

## 9. CURRENT LIABILITIES

Current Liabilities amounted R937 410 357 as at 30 June 2014 (30 June 2013: R1 013 712 525) and is made up as follows:

Consumer Deposits	Note 14	25,906,811
Provisions	Note 15	16,938,368
Payables	Note 16	543,938,241
Unspent Conditional Grants and Receipts	Note 17	320,833,273
VAT Payable	Note 18	96,721,879
Current Portion of Long-term Liabilities	Note 19	9,373,953
		<b>1,013,712,525</b>

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Notes for more detail.

## 10. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R7 042 887 124 as at 30 June 2014 (30 June 2013: R6 441 787 468).

Refer to Note 9 and Appendices "B, C and E (2)" for more detail.

## 11. INTANGIBLE ASSETS

The net value of Intangible Assets were R1 331 622 as at 30 June 2014 (30 June 2013: R1 613 237).

These are assets which cannot physically be identified and verified and are in respect of computer software obtained by the municipality in order to be able to fulfil its duties as far as service delivery is concerned.

Refer to Note 10 and Appendix B for more detail.

## 12. INVESTMENT PROPERTIES

The net value of Investment Properties were R239 654 072 as at 30 June 2014 (30 June 2013: R259 820 353).

Refer to Note 11 and Appendix "B" for more detail.

## 13. NON-CURRENT INVESTMENTS

The municipality held Investments to the value of R820 508 as at 30 June 2014 (30 June 2013: R611 489).

The bulk of these investments are ring-fenced for purposes of the Capital Replacement Reserve, Unspent Conditional Grants and

Refer to Note 12 for more detail.

## 14. CURRENT ASSETS

Current Assets amounted R900 071 905 as at 30 June 2014 (30 June 2013: R1 424 763 682) and is made up as follows:

Inventories	Note 2	23,884,942
Non-current Assets Held-for-Sale	Note 3	56,917,471
Receivables from Exchange Transactions	Note 4	614,884,823
Receivables from Non-exchange Transactions	Note 5	73,722,303
VAT Receivable	Note 6	-
Cash and Cash Equivalents	Note 7	654,680,129
Operating Lease Assets	Note 8	642,164
Current Portion of Finance Lease Receivables	Note 13	31,850
		<b>1,424,763,682</b>

The increase in the amount for Current Assets is mainly due to the increased amount held in Bank and Cash Equivalents.

Refer to the indicated Notes for more detail.

## 15. INTER-GOVERNMENTAL GRANTS

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating

Refer to Note 24 and Appendix "F" for more detail.

## 16. EVENTS AFTER THE REPORTING DATE

Full details of all known events, if any, after the reporting date are disclosed in Note 50.

## 17. EXPRESSION OF APPRECIATION

We are grateful to the Mayor, members of the Executive Committee, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.

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CHIEF FINANCIAL OFFICER  
30 September 2014

**RUSTENBURG LOCAL MUNICIPALITY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2014**

	Note	Actual 2014 R	Actual 2013 R	Group 2014 R	Group 2013 R
<b>ASSETS</b>					
<b>Current Assets</b>		<b>900,071,905</b>	<b>1,424,763,682</b>	<b>1,011,205,737</b>	<b>1,550,948,797</b>
Inventories	2	32,455,057	23,884,942	32,455,057	23,884,942
Non-current Assets Held-for-Sale	3	41,437,471	56,917,471	41,437,471	56,917,471
Receivables from Exchange Transactions	4	274,563,124	614,884,823	283,495,951	622,221,293
Receivables from Non-exchange Transactions	5	42,283,548	73,722,303	42,283,548	73,722,303
VAT Receivable	6	83,581,616	-	83,774,902	-
Cash and Cash Equivalents	7	424,978,610	654,680,129	527,038,111	773,560,625
Operating Lease Receivables	8	720,697	642,164	720,697	642,164
Current Portion of Finance Lease Receivables	13	51,782	31,850	-	-
<b>Non-Current Assets</b>		<b>7,287,217,803</b>	<b>6,706,423,449</b>	<b>7,615,281,123</b>	<b>7,033,551,098</b>
Property, Plant and Equipment	9	7,042,887,124	6,441,787,468	7,373,474,921	6,771,506,020
Intangible Assets	10	1,331,622	1,613,237	1,331,622	1,613,237
Investment Property	11	239,654,072	259,820,353	239,654,072	259,820,353
Non-current Investments	12	820,508	611,489	820,508	611,489
Finance Lease Receivables	13	2,524,477	2,590,902	-	-
<b>Total Assets</b>		<b>8,187,289,707</b>	<b>8,131,187,131</b>	<b>8,626,486,859</b>	<b>8,584,499,895</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>		<b>937,410,357</b>	<b>1,013,712,525</b>	<b>940,688,746</b>	<b>1,047,992,120</b>
Consumer Deposits	14	26,452,937	25,906,811	26,452,937	25,906,811
Provisions	15	19,519,423	16,938,368	19,519,423	16,938,368
Payables	16	462,284,755	543,938,241	448,665,081	565,345,880
Unspent Conditional Grants and Receipts	17	399,028,330	320,833,273	399,028,330	320,833,273
VAT Payable	18	-	96,721,879	-	94,648,044
Current Portion of Long-term Liabilities	19	30,124,912	9,373,953	47,022,975	24,319,744
<b>Non-Current Liabilities</b>		<b>466,069,354</b>	<b>262,005,006</b>	<b>644,715,184</b>	<b>457,523,364</b>
Long-term Liabilities	19	260,810,914	86,924,000	439,456,744	282,442,358
Retirement Benefit Liabilities	20	166,878,642	135,421,829	166,878,642	135,421,829
Non-current Provisions	21	38,379,798	39,659,177	38,379,798	39,659,177
<b>Total Liabilities</b>		<b>1,403,479,711</b>	<b>1,275,717,531</b>	<b>1,585,403,930</b>	<b>1,505,515,484</b>
<b>Total Assets and Liabilities</b>		<b>6,783,809,996</b>	<b>6,855,469,600</b>	<b>7,041,082,929</b>	<b>7,078,984,411</b>
<b>NET ASSETS</b>		<b>6,783,809,996</b>	<b>6,855,469,600</b>	<b>7,041,082,934</b>	<b>7,078,984,411</b>
Accumulated Surplus / (Deficit)	22	6,783,809,996	6,855,469,600	7,041,082,934	7,078,984,411
<b>Total Net Assets</b>		<b>6,783,809,996</b>	<b>6,855,469,600</b>	<b>7,041,082,934</b>	<b>7,078,984,411</b>

**RUSTENBURG LOCAL MUNICIPALITY**  
**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014**

2014 Adjusted R	Note	Actual		Group		
		2014 R	2013 R	2014 R	2013 R	
REVENUE						
Revenue from Non-exchange Transactions						
178,353,737	Property Rates	23	176,950,820	171,818,639	176,950,820	171,818,639
13,854,409	Fines		37,793,658	12,413,304	37,793,658	12,413,304
11,819,215	Licences and Permits		9,812,782	10,589,825	9,812,782	10,589,825
9,977,078	Income for Agency Services		16,568,027	14,670,282	16,568,027	14,670,282
1,432,487,733	Government Grants and Subsidies Received	24	1,116,300,305	995,310,624	1,116,300,305	995,310,624
Revenue from Exchange Transactions						
2,331,578,769	Service Charges	25	1,853,885,430	1,713,702,320	1,898,988,141	1,755,203,448
15,364,052	Rental of Facilities and Equipment	26	6,440,323	5,725,552	6,440,323	5,725,552
29,977,000	Interest Earned - External Investments	27	27,859,662	53,558,462	34,353,946	59,096,131
125,090,456	Interest Earned - Outstanding Debtors	27	112,994,345	76,573,102	112,994,345	76,573,102
-	Dividends Received		-	-	-	-
40,681,976	Other Income	28	88,459,337	182,921,638	89,547,644	182,921,638
30,071,607	Gains on Disposal of Property, Plant and Equipment		10,459,667	1,468,275	10,459,667	1,468,275
4,219,256,032	Total Revenue		3,457,524,356	3,238,752,023	3,510,209,658	3,285,790,820
EXPENDITURE						
487,486,905	Employee Related Costs	29	513,569,712	438,995,255	516,860,752	442,031,250
27,181,404	Remuneration of Councillors	30	27,238,004	23,721,452	27,238,004	23,721,452
18,900,000	Collection Costs		19,113,064	19,962,962	19,113,064	19,962,962
403,192,363	Depreciation and Amortisation	31	356,115,190	400,472,451	371,499,590	415,867,906
205,000,000	Impairment Losses	32	460,071,175	326,609	460,260,068	516,607
172,016,682	Repairs and Maintenance		158,837,665	161,386,931	169,515,228	171,935,589
50,571,000	Finance Costs	33	15,719,288	14,633,154	42,205,566	42,848,219
1,680,850,171	Bulk Purchases	34	1,463,276,122	1,112,588,973	1,374,105,715	1,036,487,156
296,735,376	Contracted Services	35	269,098,898	160,791,554	269,715,528	160,936,995
-	Grants and Subsidies Paid	36	499,194	1,102,302	499,194	1,102,302
238,566,160	General Expenses	37	245,645,644	623,157,727	296,000,129	667,419,537
	Loss on Disposal of Property, Plant and Equipment		-	-	524,804	242,536
3,580,500,061	Total Expenditure		3,529,183,956	2,957,139,370	3,547,537,642	2,983,072,512
638,755,971	SURPLUS / (DEFICIT) FOR THE YEAR		(71,659,601)	281,612,653	(37,327,984)	302,718,309
Refer to Note 52 for explanation of budget variances						



RUSTENBURG LOCAL MUNICIPALITY					
CONSOLIDATED STATEMENT OF NET ASSETS FOR THE YEAR ENDED 30 JUNE 2014					
Description	RUSTENBURG LOCAL MUNICIPALITY		GROUP		
	Accumulated Surplus/(Deficit) Account R	Total for Accumulated Surplus/(Deficit) Account R	Reserves	Accumulated Surplus/(Deficit) Account	Total for Accumulated Surplus/(Deficit) Account
<b>Balance at 30 June 2012</b>	6 677 637 101	6 677 637 101		6 756 573 978.96	6 756 573 978.96
Correction of Prior year error: 2012/13	(154 882 353)	(154 882 353)		(154 882 353.00)	(154 882 353.00)
Correction of Prior year error: prior years	51 102 199	51 102 199		51 102 199.00	51 102 199.00
Revaluation surplus for the year	-	-	124 187 680		124 187 680.00
<b>Restated 30 June 2012</b>	<b>6 573 856 947</b>	<b>6 573 856 947</b>	<b>124 187 680</b>	<b>6 652 793 825</b>	<b>6 776 981 505</b>
<b>2013</b>					
<b>Restated Balance</b>	<b>6 573 856 947</b>	<b>6 573 856 947</b>	<b>124 187 680</b>	6 652 793 825	6 776 981 505
Surplus / (Deficit) for the year	281 612 653	281 612 653	-	302 718 309	302 718 309
Impairment adjustment for the year			-700 759	-	-700 759
<b>Restated Balance at 30 June 2013</b>	<b>6 855 469 600</b>	<b>6 855 469 600</b>	<b>123 486 921</b>	<b>6 955 512 134</b>	<b>7 078 999 055</b>
Surplus / (Deficit) for the year	(71 659 601)	(71 659 601)	-	-37 327 984	-37 327 984
Impairment Adjustment for the year		-	(588 134)	-	-588 134
<b>Balance at 30 June 2014</b>	<b>6 783 809 999</b>	<b>6 783 809 999</b>	<b>122 898 787</b>	<b>6 918 184 149</b>	<b>7 041 082 936</b>

RUSTENBURG LOCAL MUNICIPALITY					
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014					
Note	Actual		Group		
	2014 R	2013 R	2014	2013	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>					
Property Rates	23	208 389 575	144 004 860	208 389 575	144 004 860
Grants	24	1 194 495 362	819 935 141	1 194 495 362	819 935 141
Public Contributions and Donations		-	(220 415)	-	(220 415)
Service Charges	25	2 144 307 085	1 648 809 354	2 256 681 744	1 763 682 758
Income from Agency Fees		16 568 027	14 670 282	16 568 027	14 670 282
Licences and Permits		9 812 782	10 589 825	9 812 782	10 589 825
Fines		9 196 458	8 687 531	9 196 458	8 687 531
Interest Received	27	27 859 662	53 558 462	34 353 946	59 096 131
Other Receipts		88 459 337	224 585 450	88 459 337	224 585 450
<b>Payments</b>					
Employee Related Costs	29	(478 604 818)	(419 551 587)	(478 604 818)	(419 551 587)
Remuneration of Councillors	30	(27 238 004)	(23 721 452)	(27 238 004)	(23 721 452)
Interest Paid	33	(15 719 288)	(14 633 154)	(42 205 566)	(42 848 219)
Suppliers Paid		(1 732 375 020)	(1 273 380 527)	(1 809 595 897)	(1 323 877 169)
Other Payments		(956 820 404)	(516 212 649)	(956 820 404)	(516 212 649)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>488 330 754</b>	<b>677 121 121</b>	<b>503 492 542</b>	<b>718 820 487</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of Property, Plant and Equipment					
	9	(940 846 068)	(900 644 048)	(957 876 743)	(911 183 363)
Purchase of Intangible Assets	11	-	-	-	-
Purchase of Investment Property	12	-	-	-	-
Purchase of Heritage Assets	13	-	-	-	-
Proceeds on Disposal of Property, Plant and Equipment		28 175 922	794 054	28 175 922	794 054
Decrease / (Increase) in Non-current Investments	12	-	-	-	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(912 670 146)</b>	<b>(899 849 994)</b>	<b>(929 700 821)</b>	<b>(910 389 309)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Repayment of Borrowings		(5 362 128)	(4 151 785)	(20 314 235)	(17 383 614)
Proceeds on Borrowings		200 000 000		200 000 000	-
Decrease/(Increase) in finance lease receivable		-	14 642	-	14 642
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>194 637 872</b>	<b>(4 137 143)</b>	<b>179 685 765</b>	<b>(17 368 972)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(229 701 520)</b>	<b>(226 866 017)</b>	<b>(246 522 514)</b>	<b>(208 937 795)</b>
Cash and Cash Equivalents at Beginning of Period		654 680 130	881 546 146	773 560 625	982 498 419
Cash and Cash Equivalents at End of Period		424 978 610	654 680 130	527 038 111	773 560 625

## RUSTENBURG LOCAL MUNICIPALITY

### CONSOLIDATED ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

The following are the principal accounting policies of which are, in all material respects, consistent with those applied in the previous year. The historical cost convention has been used, except where indicated otherwise. Management has used assessments and estimates in preparing the annual financial statements – these are based on the best information available at the time of preparation. The financial statements have been prepared on a going concern basis.

#### 1 BASIS OF PRESENTATION

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

#### 2 CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS

In the process of applying the Municipality's accounting policies, management has made the following significant accounting judgments, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

##### 2.1 Post-employment medical benefits

The cost of post-employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future medical fund contribution increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

##### 2.2 Impairment of trade receivables

The calculation in respect of the impairment of trade receivables is based on an assessment of the extent to which trade receivables have defaulted on payments already due, and an assessment of their ability to make payments based on the history of payments made for municipal services over the last twelve months. This was performed per significant trade receivables first and then for all classes of trade receivables.

##### 2.3 Useful Life

The useful lives of assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time. It is a subjective estimate based on management's experience.

##### 2.4 Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions, and when measuring contingent liabilities, as set out in subsequent notes to the financial statements. Provisions are discounted where the effect of discounting is material using actuarial valuations.

##### 2.5 Budget information

Deviations between budget and actual amounts are regarded as material differences when a 5% deviation exists. All material differences are explained in the notes to the annual financial statements

##### 2.6 Standards, amendments to standards and interpretations issued but not yet effective.

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

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

GRAP 32, Service Concession Arrangements: Grantor; and  
GRAP 108, Statutory Receivables have been excluded from the list  
GRAP 18 Segment Reporting - issued March 2005  
GRAP 20 Related Party Disclosures (Revised)  
GRAP 105 Transfers between entities under common control - issued November 2010  
GRAP 106 Transfers between entities not under common control - issued November 2010  
GRAP 107 Mergers - issued November 2010

## **2 CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS (CONTINUED)**

The ASB Directive 5 paragraph 29 sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy, as set out in the standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

The Municipality applied the principles established in the following Standards of GRAP that have been issued, but is not yet in effect, in developing an appropriate accounting policies dealing with the following transactions, but have not early adopted these Standards:

GRAP 25 - Employee Benefits

Management has considered the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

## **3 PRESENTATION CURRENCY**

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand, which is the municipality's functional currency.

#### 4 GOING CONCERN ASSUMPTION

The Annual Financial Statements have been prepared on a going concern basis.

#### 5 OFFSETTING

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

#### 6 PROPERTY, PLANT AND EQUIPMENT

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

The cost of an item of property, plant and equipment is recognised as an asset when:  
municipality; and

- The cost of the item can be measured reliably.

Property, plant and equipment are initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment whenever it is possible to reliably differentiate between the different components. Based on current service delivery backlogs to previously disadvantaged communities, it is not deemed to be cost efficient to incur substantial costs in order to determine the different components of existing infrastructure where the components were not accounted for separately from the onset.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment, which are expected to be used for more than one period, are included in property, plant and equipment. In addition, spare parts and stand by equipment, which can only be used in connection with an item of property, plant, and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets and commences when an asset is ready for its intended use.

## PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	<u>YEARS</u>
<u>Infrastructure</u>	
Roads	30
Paving	20
Electricity	20 - 30
Water	15 - 20
Sewerage	20 - 30
<i>Housing</i>	30
<i>Buildings</i>	30
<u>Other</u>	
Other vehicles	5
Office equipment	7
Computer equipment & software	5
Specialist vehicles	7
Security	5
Furniture and fittings	7
Bins and containers	5
Specialised plant and equipment	15
Other items of plant and equipment	5
Landfill sites	30
<u>Community</u>	
Buildings	30
Recreational Facilities	20 - 30

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

The useful life and residual value of assets are assessed annually to determine the appropriateness of management's initial estimate. If the expectations differ from the previous estimates, the change is accounted for as a change in accounting estimate.

Residual values are applied to the following classes at the specified rates: Vehicles: 30% of the original cost price

Furniture, fittings and office equipment: 10% of the original cost price

Computers: 10% of the original cost price

Infrastructure: Nil, due to the fact that it is not the intention to ever sell infrastructure assets.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

### ***Bulk water assets- Rustenburg Water Services Trust***

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

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

The assets were revalued on 30 June 2012 by an independent party. Fair values were determined by obtaining quotations for the different asset types and determining Depreciated Replacement Cost.

## **7 HERITAGE ASSETS**

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held and preserved indefinitely for the benefit of present and future generations.

A heritage asset that qualifies for recognition as an asset shall be measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

## **8 INVESTMENT PROPERTY**

Investment properties are held to earn rental income, and for capital appreciation, and are stated at cost less accumulated depreciation. Investment properties are written down for impairment where considered necessary.

Investment property excludes owner-occupied property that is used in the production or supply of goods or services, or for administrative purposes, or property held to provide a social service.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- A building owned by the entity (or held by the entity under a finance lease) and leased out under one or more operating leases (this will include the property portfolio rented out by the Housing Board on a commercial basis on behalf of the municipality); and
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-Current Assets Held for Sale, as appropriate:

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- Property being constructed or developed on behalf of third parties;
- Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- Property that is being constructed or developed for future use as investment property;
- Property that is leased to another entity under a finance lease;
- Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc; and
- Property held for strategic purposes or service delivery.

### **Subsequent Measurement - Cost Model**

Investment property is measured using the cost model. Investment Property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is estimated at 20 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## **9 NON CURRENT ASSETS HELD FOR SALE**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated or amortised while it is classified as held for sale.

## **10 INTANGIBLE ASSETS**

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction its initial cost at the date of acquisition is measured at its fair value as at that date.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write down the intangible assets to their residual values as follows:

Item Useful life Licenses and franchises 3 years Computer software  
Computer software, other 3 years

Intangible assets are derecognised: ☐ on disposal; or ☐ when no future economic benefits or service potential are expected from its use or disposal.

## **11 IMPAIRMENT OF ASSETS**

The entity classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. All other assets are classified as non-cash-generating assets.

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

### **IMPAIRMENT OF ASSETS (Continued)**

An impairment loss is recognised for non cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

## **12 INVESTMENTS IN CONTROLLED ENTITIES**

### **Investment in Municipal Entities**

Investments in municipal entities under the ownership control of the Municipality are carried at cost. Separate Consolidated Annual Financial Statements are prepared to account for the Municipality's share of net assets and post-acquisition results of these investments, whilst eliminating transactions between the municipality and the entity.

The fair value of, at the date of acquisition or transfer of functions, of assets given, liabilities incurred or assumed, and equity instruments issued by the entity; and

Any costs directly attributable to the purchase of the controlled entity.



### 13 INVENTORIES

Consumable stores, raw materials, work-in-progress and finished goods are initially valued at cost and subsequently valued at the lower of cost and net realisable value. In general, the basis of determining cost is the first-in, first-out method.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Water is regarded as inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, and is under the control of the municipality but can not be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the statement of financial position.

The basis of determining the cost of water purchased and not yet sold at statement of financial position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates.

Water are valued by using the (FIFO / weighted average) method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

Initial recognition

Financial assets and financial liabilities are recognised on the entity's Statement of Financial Position when the entity becomes party to the contractual provisions of the instrument

The Entity does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist; and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial Assets - Classification

A financial asset is any asset that is a cash or contractual right to receive cash.

The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Loans to/from Municipal Entities. These are recognised at cost.

Investment in Municipal Entities

Separate Consolidated Annual Financial Statements are prepared to account for the Municipality's share of net assets and post-acquisition results of these investments, whilst eliminating transactions between the municipality and the entity.

**FINANCIAL INSTRUMENTS (Continued)**Trade receivables

Trade receivables are recognised at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of the trade receivables.

The provision is made in accordance with IAS 39.64 whereby the recoverability of trade receivables is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group.

Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period.

Government accounts are not provided for as such accounts are regarded as receivable.

Cash and cash equivalents

These are initially and subsequently recorded at fair value. For cash flow purposes, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. These are subject to an insignificant risk of changes in value.

Financial Liabilities - Classification

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

Creditors

Trade payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

Borrowings and other financial liabilities

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. The Municipality does not hold financial loans for trading purposes.

Any other financial liabilities are classified as "Other financial liabilities" in accordance with IAS 39.09

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Derecognition of Financial Liabilities

"The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance."

## 15 REVENUE RECOGNITION

### 14.1 Revenue from Exchange Transactions

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest, royalties and dividends:

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

#### **REVENUE RECOGNITION (Continued)**

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or their equivalents are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportion basis.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

### 13.2 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

An inflow of resources from a non-exchange transaction, that meets the definition of an asset shall be recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the fair value of the asset can be measured reliably. The asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

A present obligation arising from a non-exchange transaction that meets the definition of a liability will be recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### Rates, including collection charges and penalties interest

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

#### Fines

Revenue from the issuing of fines is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

The municipality has two types of fines: spot fines and summonses. The municipality recognise the full amount of revenue at the transaction date. Subsequent to initial recognition and measurement, the municipality assess the collectability of the revenue and recognise an impairment loss.

### **REVENUE RECOGNITION (Continued)**

#### Government grants

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential based on the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available to qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

When government remit grants on a reimbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

#### Other grants and donations

Other grants and donations are recognised as revenue when the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met.

- It is probable that the economic benefits or service e potential associated with the transaction will flow to the municipality;
- The amount of the revenue can be measured reliably; and
- To the extent that there has been compliance with any restrictions associated with the grant.

If goods in kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

## 16 PROVISIONS

Provisions are recognised when:

- The municipality has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

The best estimate of the expenditure required to settle the present obligation is the amount that an entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the entity, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

**PROVISIONS (CONTINUED)**

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required settling a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed as a note to enable users to determine the risks involved.

**17 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**18 IRREGULAR EXPENDITURE**

Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

**19 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**20 FOREIGN CURRENCIES**

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

**21 LEASES**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

## **LEASES (CONTINUED)**

### **20.1 The Municipality as Lessee**

#### **Finance leases**

Where the Municipality enters into a finance lease, Property, plant and equipment or Intangible Assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

#### **Operating leases**

The municipality recognises operating lease rentals as an expense in the statement of financial performance on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability

### ***21.2 The Municipality as Lessor***

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

#### **Determining whether an arrangement contains a lease**

At inception of an arrangement, the Municipality determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Municipality the right to control the use of the underlying asset.

## **22 RETIREMENT BENEFITS**

#### **Short-term employee benefits**

The cost of short term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments because of past performance.

#### **Defined contribution plans**

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to industry managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

## **RETIREMENT BENEFITS (Continued)**

### Defined benefit plans

For defined benefit plans, the cost of providing the benefits is determined using the projected credit method. Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. Consideration is given to any event that could affect the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight-line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognised when the municipality is demonstrably committed to curtailment or settlement. When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

### Other post retirement obligations

The municipality provides post retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

## **23 BORROWING COSTS**

The municipality capitalises borrowing costs incurred that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset only when the commencement date for capitalisation is on or after 1 July 2008, while all other borrowing costs incurred (including borrowing cost incurred on qualifying assets where the commencement date for capitalisation is prior to 1 July 2008) are recognised as an expense in the Statement of Financial Performance for the financial year ending 30 June 2012 in accordance with the requirements of GRAP 5. To the extent that an entity borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditure on that asset.

## **24 GRANTS-IN-AID**

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

## **25 VALUE ADDED TAX**

The Municipality is registered with SARS for VAT on the payments basis, in accordance with Sec15(2)(a) of the Value-Added Tax Act No 89 of 1991.



CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014				
	2014 R	2013 R	GROUP 2,014 R	2,013 R
<b>1. GENERAL INFORMATION</b>				
Rustenburg Local Municipality (the municipality) is a local government institution in Rustenburg, North West Province. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Municipal Finance Management Act (MFMA).				
<b>2. INVENTORIES</b>				
Consumable Stores - at cost	32,114,160	22,920,715	32,114,160	22,920,715
Water - at cost	340,898	964,226	340,898	964,226
<b>Total Inventories</b>	<b>32,455,058</b>	<b>23,884,941</b>	<b>32,455,058</b>	<b>23,884,941</b>
Consumables stores consists of maintenance materials and spare parts.				
Inventories are held for own use with the result that no write downs of Inventory to Net Realisable Value were required.				
<b>3. NON-CURRENT ASSETS HELD-FOR-SALE</b>				
Opening	56,917,471	86,611,471	56,917,471	86,611,471
Property Held-for-Sale - Transfer from PPE				
Property Held-for-Sale - Sold	(15,480,000)	(29,694,000)	-15,480,000	-29,694,000
<b>Total Non-current Assets Held-for-Sale</b>	<b>41,437,471</b>	<b>56,917,471</b>	<b>41,437,471</b>	<b>56,917,471</b>
<b>Liabilities associated with Non-current Assets Held-for-Sale</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Non-current Assets Held-for-Sale</b>	<b>41,437,471</b>	<b>56,917,471</b>	<b>41,437,471</b>	<b>56,917,471</b>
<b>4. RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>				
	<b>Gross Balances R</b>	<b>Provision for Impairment R</b>	<b>Net Balances R</b>	
<b>As at 30 June 2013</b>				
Service Debtors:	1,284,204,531	872,578,220	411,626,311	
Electricity	420,640,022	285,812,194	134,827,828	
Refuse	159,599,730	108,443,198	51,156,532	
Sewerage	131,713,936	89,495,659	42,218,277	
Water	572,250,843	388,827,169	183,423,674	
Other Receivables	505,923,430	352,564,985	153,358,445	
Other Debtors	505,923,430	352,564,985	153,358,445	
<b>Total Receivables from Exchange Transactions</b>	<b>1,790,127,961</b>	<b>1,225,143,205</b>	<b>564,984,756</b>	

	Group		
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2013			
Service Debtors:	1,291,102,346	872,578,220	418,524,126
Electricity	420,640,022	285,812,194	134,827,828
Refuse	159,599,730	108,443,198	51,156,532
Sewerage	131,713,936	89,495,659	42,218,277
Water	579,148,658	388,827,169	190,321,489
Other Receivables	506,362,085	352,564,985	153,797,100
Other Debtors	506,362,085	352,564,985	153,797,100
Total Receivables from Exchange Transactions	1,797,464,431	1,225,143,205	572,321,226

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2014			
Service Debtors:	1,411,925,463	1,208,644,986	203,280,477
Electricity	430,579,076	368,586,909	61,992,167
Refuse	188,617,718	161,461,681	27,156,037
Sewerage	153,207,508	131,149,619	22,057,889
Water	639,521,161	547,446,777	92,074,384
Other Receivables	621,181,552	549,898,905	71,282,647
Other Debtors	621,181,552	549,898,905	71,282,647
Total Receivables from Exchange Transactions	2,033,107,015	1,758,543,891	274,563,124

	Group		
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2014			
Service Debtors:	1,420,397,153	1,208,644,986	211,752,167
Electricity	430,579,076	368,586,909	61,992,167
Refuse	188,617,718	161,461,681	27,156,037
Sewerage	153,207,508	131,149,619	22,057,889
Water	647,992,851	547,446,777	100,546,074
Other Receivables	621,642,689	549,898,905	71,743,784
Other Debtors	621,642,689	549,898,905	71,743,784
Total Receivables from Exchange Transactions	2,042,039,842	1,758,543,891	283,495,951

The management of the municipality is of the opinion that the carrying value of Receivables approximate their fair values.

4.1 Ageing of Receivables from Exchange Transactions

As at 30 June 2013					
	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Electricity:					
Gross Balances	239,346,551.49	34,080,431.33	15,083,503.01	132,129,535.80	420,640,022
Less: Provision for Impairment	162,628,754.97	23,156,624	10,248,785	89,778,030	285,812,194
Net Balances	76,717,797	10,923,807	4,834,718	42,351,506	134,827,828
Refuse:					
Gross Balances	7,072,850.60	5,068,751.30	3,961,784.00	143,496,343.93	159,599,730
Less: Provision for Impairment	4,805,788	3,444,063	2,691,913	97,501,433	108,443,198
Net Balances	2,267,062	1,624,688	1,269,871	45,994,910	51,156,532
Sewerage:					
Gross Balances	7,817,219.22	4,352,401.23	3,366,225.43	116,178,114.00	131,713,960
Less: Provision for Impairment	5,311,564	2,957,325	2,287,249	78,939,521	89,495,659
Net Balances	2,505,655	1,395,076	1,078,977	37,238,593	42,218,301

<b>Water:</b>					
Gross Balances	58,026,525	22,425,342	15,694,964	476,104,012	572,250,843
Less: Provision for Impairment	39,427,272	15,237,343	10,664,254	323,498,301	388,827,169
	<b>18,599,253</b>	<b>7,187,999</b>	<b>5,030,710</b>	<b>152,605,712</b>	<b>183,423,674</b>
<b>Other receivables:</b>					
Gross Balances	(998,710.02)	12,180,497.39	11,206,313.56	496,494,388.65	505,923,430
Less: Provision for Impairment	(695,975)	8,488,274	7,809,391	345,994,129	352,564,985
<b>Net Balances</b>	<b>(302,735)</b>	<b>3,692,223</b>	<b>3,396,923</b>	<b>150,500,259</b>	<b>153,358,445</b>
	<b>Current</b>	<b>Past Due</b>			<b>Total</b>
	<i>0 - 30 days</i>	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	
<b>All Receivables:</b>					
Gross Balances	311,264,436	78,107,424	49,312,790	1,364,402,395	1,790,127,984
Less: Provision for Impairment	211,477,404	53,283,630	33,701,591	935,711,414	1,225,143,205
<b>Net Balances</b>	<b>99,787,032</b>	<b>24,823,793</b>	<b>15,611,199</b>	<b>428,690,980</b>	<b>564,984,779</b>
<b>As at 30 June 2013</b>					
<b>GROUP</b>					
	<b>Current</b>	<b>Past Due</b>			<b>Total</b>
	<i>0 - 30 days</i>	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	
<b>Electricity:</b>					
Gross Balances	239,346,551	34,080,431	15,083,503	132,129,536	420,640,022
Less: Provision for Impairment	162,628,755	23,156,624	10,248,785	89,778,030	285,812,194
<b>Net Balances</b>	<b>76,717,797</b>	<b>10,923,807</b>	<b>4,834,718</b>	<b>42,351,506</b>	<b>134,827,828</b>
<b>Refuse:</b>					
Gross Balances	7,072,850.60	5,068,751.30	3,961,784.00	143,496,343.93	159,599,730
Less: Provision for Impairment	4,805,788	3,444,063	2,691,913	97,501,433	108,443,198
<b>Net Balances</b>	<b>2,267,062</b>	<b>1,624,688</b>	<b>1,269,871</b>	<b>45,994,910</b>	<b>51,156,532</b>
<b>Sewerage:</b>					
Gross Balances	7,817,219.22	4,352,401.23	3,366,225.43	116,178,114.00	131,713,960
Less: Provision for Impairment	5,311,564	2,957,325	2,287,249	78,939,521	89,495,659
<b>Net Balances</b>	<b>2,505,655</b>	<b>1,395,076</b>	<b>1,078,977</b>	<b>37,238,593</b>	<b>42,218,301</b>

<b>Water:</b>					
Gross Balances	62,637,387	24,712,295	15,694,964	476,104,012	579,148,658
Less: Provision for Impairment	39,427,272	15,237,343	10,664,254	323,498,301	388,827,169
	<b>23,210,115</b>	<b>9,474,952</b>	<b>5,030,710</b>	<b>152,605,712</b>	<b>190,321,489</b>
<b>Other receivables:</b>					
Gross Balances	(560,055.02)	12,180,497.39	11,206,313.56	496,494,388.65	506,362,085
Less: Provision for Impairment	(695,975)	8,488,274	7,809,391	345,994,129	352,564,985
<b>Net Balances</b>	<b>135,920</b>	<b>3,692,223</b>	<b>3,396,923</b>	<b>150,500,259</b>	<b>153,797,100</b>
	<b>Current</b>	<b>Past Due</b>			<b>Total</b>
	<i>0 - 30 days</i>	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	
<b>All Receivables:</b>					
Gross Balances	316,313,953	80,394,377	49,312,790	1,364,402,395	1,797,464,454
Less: Provision for Impairment	211,477,404	53,283,630	33,701,591	935,711,414	1,225,143,205
<b>Net Balances</b>	<b>104,836,549</b>	<b>27,110,746</b>	<b>15,611,199</b>	<b>428,690,980</b>	<b>572,321,249</b>
<b>As at 30 June 2014</b>					
	<b>Current</b>	<b>Past Due</b>			<b>Total</b>
	<i>0 - 30 days</i>	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	
<b>Electricity:</b>					
Gross Balances	188,652,716	62,851,054	12,832,314	166,242,992	430,579,076
Less: Provision for Impairment	161,491,641	53,802,140	10,984,795	142,308,333	368,586,909
<b>Net Balances</b>	<b>27,161,075</b>	<b>9,048,914</b>	<b>1,847,519</b>	<b>23,934,659</b>	<b>61,992,167</b>
<b>Refuse:</b>					
Gross Balances	7,543,485	5,560,886	4,157,833	171,355,515	188,617,718
Less: Provision for Impairment	6,457,419	4,760,263	3,559,213	146,684,786	161,461,681
<b>Net Balances</b>	<b>1,086,065</b>	<b>800,623</b>	<b>598,620</b>	<b>24,670,729</b>	<b>27,156,037</b>
<b>Sewerage:</b>					
Gross Balances	6,770,269	4,816,105	3,537,494	138,083,640	153,207,508
Less: Provision for Impairment	5,795,527	4,122,711	3,028,187	118,203,194	131,149,619
<b>Net Balances</b>	<b>974,742</b>	<b>693,394</b>	<b>509,307</b>	<b>19,880,446</b>	<b>22,057,889</b>
<b>Water:</b>					
Gross Balances	37,807,247	21,051,482	13,105,423	567,557,008	639,521,161
Less: Provision for Impairment	32,363,989	18,020,617	11,218,584	485,843,587	547,446,777
<b>Net Balances</b>	<b>5,443,258</b>	<b>3,030,865</b>	<b>1,886,840</b>	<b>81,713,421</b>	<b>92,074,384</b>
<b>Other Receivables:</b>					
Gross Balances	37,039,894	10,465,102	56,531,955	538,348,757	621,181,552
Less: Provision for Impairment	32,789,443	9,264,197	50,044,726	476,571,448	549,898,905
<b>Net Balances</b>	<b>4,250,451</b>	<b>1,200,905</b>	<b>6,487,230</b>	<b>61,777,309</b>	<b>71,282,647</b>
As at 30 June Receivables of R265 702 041 were past due but not impaired. The age analysis of these Receivables are as follows:					
	<b>Current</b>	<b>Past Due</b>			<b>Total</b>
	<i>0 - 30 days</i>	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	
<b>All Receivables:</b>					
Gross Balances	277,813,611	104,744,629	90,165,019	1,581,587,913	2,033,107,015
Less: Provision for Impairment	238,898,019	89,969,929	78,835,505	1,369,611,348	1,758,543,891
<b>Net Balances</b>	<b>38,915,592</b>	<b>14,774,701</b>	<b>11,329,515</b>	<b>211,976,564</b>	<b>274,563,124</b>

As at 30 June 2014					GROUP				
					Current	Past Due			Total
					0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>Electricity:</b>									
Gross Balances					188,652,716	62,851,054	12,832,314	166,242,992	430,579,076
Less: Provision for Impairment					42,719,006	14,232,154	2,905,782	37,644,491	97,501,433
<b>Net Balances</b>					<b>145,933,710</b>	<b>48,618,900</b>	<b>9,926,532</b>	<b>128,598,501</b>	<b>333,077,643</b>
<b>Refuse:</b>									
Gross Balances					7,543,485	5,560,886	4,157,833	171,355,515	188,617,718
Less: Provision for Impairment					6,457,419	4,760,263	3,559,213	146,684,786	161,461,681
<b>Net Balances</b>					<b>1,086,065</b>	<b>800,623</b>	<b>598,620</b>	<b>24,670,729</b>	<b>27,156,037</b>
<b>Sewerage:</b>									
Gross Balances					6,770,269	4,816,105	3,537,494	138,083,640	153,207,508
Less: Provision for Impairment					5,795,527	4,122,711	3,028,187	118,203,194	131,149,619
<b>Net Balances</b>					<b>974,742</b>	<b>693,394</b>	<b>509,307</b>	<b>19,880,446</b>	<b>22,057,889</b>
<b>Water:</b>									
Gross Balances					22,886,084	32,149,775	18,268,764	574,688,227	639,521,161
Less: Provision for Impairment					32,363,989	18,020,617	11,218,584	485,843,587	547,446,777
<b>Net Balances</b>					<b>(9,477,905)</b>	<b>14,129,158</b>	<b>7,050,181</b>	<b>88,844,640</b>	<b>92,074,384</b>
<b>Other Receivables:</b>									
Gross Balances					41,353,279	10,465,102	56,531,955	538,348,757	646,699,093
Less: Provision for Impairment					32,789,443	9,264,197	50,044,726	476,571,448	549,898,905
<b>Net Balances</b>					<b>8,563,836</b>	<b>1,200,905</b>	<b>6,487,230</b>	<b>61,777,309</b>	<b>96,800,188</b>
As at 30 June Receivables of R265 702 041 were past due but not impaired. The age analysis of these Receivables are as follows:									
					Current	Past Due			Total
					0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>All Receivables:</b>									
Gross Balances					267,205,833	115,842,922	95,328,360	1,588,719,132	2,058,624,557
Less: Provision for Impairment					120,125,384	50,399,943	70,756,492	1,264,947,506	1,487,458,415
<b>Net Balances</b>					<b>147,080,449</b>	<b>65,442,979</b>	<b>24,571,868</b>	<b>323,771,626</b>	<b>571,166,141</b>

	Household	Industrial/ Commercial	National and Provincial Government	Other
	R	R	R	R
<b>As at 30 June 2014</b>				
<u>Current:</u>				
0 - 30 days	96,757,695	163,515,296	6,069,666	16,713,667
<u>Past Due:</u>				
31 - 60 Days	44,737,254	54,114,413	2,296,973	7,671,781
61 - 90 Days	37,010,576	7,391,262	764,345	4,533,943
+ 90 Days	1,561,486,808	116,203,394	54,827,869	65,219,612
Sub-total				
Less: Provision for Impairment	1,487,904,162	114,018,834	55,354,050	72,225,497
<b>Total Trade Receivables by Customer Classification</b>	<b>73,582,646</b>	<b>2,184,560</b>	<b>(526,181)</b>	<b>(7,005,885)</b>
	Household	Industrial/ Commercial	National and Provincial Government	Other
	R	R	R	R
<b>As at 30 June 2013</b>				
<u>Current:</u>				
0 - 30 days	98,805,318	138,669,767	1,878,276	15,250,730
<u>Past Due:</u>				
31 - 60 Days	50,202,154	47,825,640	1,645,090	4,203,664
61 - 90 Days	33,623,408	17,114,664	1,216,186	2,439,625
+ 90 Days	1,336,263,531	102,990,070	53,705,995	48,313,955
Sub-total				
Less: Provision for Impairment	1,153,874,748	97,321,929	43,465,555	57,118,140
<b>Total Trade Receivables by Customer Classification</b>	<b>182,388,783</b>	<b>5,668,140</b>	<b>10,240,440</b>	<b>(8,804,185)</b>

	2014 R	2013 R		
<b>4.3 Reconciliation of the Provision for Impairment</b>				
Balance at beginning of year				
Impairment Losses recognised	1,757,444,888	1,390,510,374	1,757,444,888	1,390,510,374
VAT on impairment losses				
<b>Balance at end of year</b>	<b>1,757,444,888</b>	<b>1,390,510,374</b>	<b>1,757,444,888</b>	<b>1,390,510,374</b>
The transactions for <i>Provision for Impairment</i> have been restated to correctly classify				
<b>4.4 Ageing of impaired Receivables from Exchange Transactions</b>				
<b>Total</b>	<b>1,757,444,888</b>	<b>1,390,510,374</b>	<b>1,757,444,888</b>	<b>1,390,510,374</b>
<b>4.5 Derecognition of Financial Assets</b>				
No Financial Assets have been transferred to other parties during the year.				
<b>5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>				
	<b>Gross Balances R</b>	<b>Provision for Impairment R</b>	<b>Net Balances R</b>	
<b>As at 30 June 2013</b>				
Assessment Rates Debtors	168,074,381	114,201,467	53,872,914	
Payments made in Advance	3,001,566		3,001,566	
Short-term Loans	2,144,620		2,144,620	
Sundry Debtors	14,464,374		14,464,374	
Insurance Claims	238,829		238,829	
<b>Total Receivables from Non-exchange Transactions</b>	<b>187,923,770</b>	<b>114,201,467</b>	<b>73,722,303</b>	
	<b>Gross Balances R</b>	<b>Provision for Impairment R</b>	<b>Net Balances R</b>	
<b>As at 30 June 2014</b>				
Assessment Rates Debtors	172,509,315	147,672,469	24,836,846	
Payments made in Advance	3,001,566		3,001,566	
Short-term Loans	2,790,114		2,790,114	
Sundry Debtors	11,225,314		11,225,314	
Insurance Claims	429,707		429,707	
<b>Total Receivables from Non-exchange Transactions</b>	<b>189,956,017</b>	<b>147,672,469</b>	<b>42,283,548</b>	

Receivables from Non-exchange Transactions have been restated to correctly classify amounts held for Assessment Rates Debtors in terms of GRAP 104, previously included in Receivables from Exchange Transactions. Refer to Note 38 on "Correction of error" for details of the restatement.

The average credit period for Receivables is 30 days. No interest is charged for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate, charged by the municipality's banker, plus two percent per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Receivables.

The management of the municipality is of the opinion that the carrying value of Receivables approximate their fair values.

#### 5.1 Ageing of Receivables from Non-exchange Transactions

As at 30 June 2013

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>Assessment Rates:</b>					
Gross Balances	14,852,904	7,009,382.98	4,407,087	143,789,721	168,074,381
Less: Provision for Impairment	10,092,100	4,762,664	2,994,482	97,700,774	114,201,467
<b>Net Balances</b>	<b>4,760,804</b>	<b>2,246,719</b>	<b>1,412,604</b>	<b>46,088,947</b>	<b>53,872,914</b>

As at 30 June Receivables of R47 533 361 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>All Receivables:</b>					
Gross Balances	14,852,904	7,009,383	4,407,087	143,789,721	168,074,381
Less: Provision for Impairment	10,092,100	4,762,664	2,994,482	97,700,774	114,201,467
<b>Net Balances</b>	<b>4,760,804</b>	<b>2,246,719</b>	<b>1,412,604</b>	<b>46,088,947</b>	<b>53,872,914</b>

As at 30 June 2014

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>Assessment Rates:</b>					
Gross Balances	13,323,734	6,573,533	3,708,335	148,903,714	172,509,315
Less: Provision for Impairment	11,405,464	5,627,115	3,174,431	127,465,459	147,672,469
<b>Net Balances</b>	<b>1,918,270</b>	<b>946,417</b>	<b>533,904</b>	<b>21,438,255</b>	<b>24,836,846</b>

As at 30 June Receivables of R178 910 102 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>All Receivables:</b>					
Gross Balances	13,323,734	6,573,533	3,708,335	148,903,714	172,509,315
Less: Provision for Impairment	11,405,464	5,627,115	3,174,431	127,465,459	147,672,469
<b>Net Balances</b>	<b>1,918,270</b>	<b>946,417</b>	<b>533,904</b>	<b>21,438,255</b>	<b>24,836,846</b>

	2014 R	2013 R	2014 R	2,013 R
<b>5.3 Reconciliation of Provision for Impairment</b>				
Balance at beginning of year				
Impairment Losses recognised				
<b>Balance at end of year</b>	<b>147,672,469</b>	<b>114,201,467</b>	<b>147,672,469</b>	<b>114,201,467</b>
<p>The transactions for <i>Provision Impairment</i> have been restated to correctly classify amounts held for Assessment Rates Debtors, previously included in Receivables from Exchange Transactions, in terms of GRAP 104. Refer to Note 38 on "Correction of error" for details of the restatement.</p> <p>The Provision for Impairment on Receivables exists predominantly due to the possibility that these debts will not be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment.</p> <p>The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and by calculating the historical payment ratios for the groupings and by assuming that the future payment ratios would be similar to the historical payment ratios.</p> <p>The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.</p> <p>In determining the recoverability of a Debtor, the municipality considers any change in the credit quality of the Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.</p> <p>In determining the recoverability of a Rates Assessment Debtor and Receivables from Non-exchange Transactions, the municipality considers any change in the credit quality of the Rates Assessment Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.</p> <p>No Provision for Impairment has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Rates Assessment Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.</p> <p>Furthermore, no Provision for Impairment was calculated on Receivables other than Assessment Rates Debtors as the management is of the opinion that all Receivables are recoverable within normal credit terms.</p>				
<b>6. VAT RECEIVABLES</b>				
VAT Payables is the Net Payables from all VAT Control Accounts and must agree to the VAT201 Return.				
Vat Payable.		-	-	-
Vat Receivable.	83,581,616	-	83,774,902	-
Vat Payable.	<b>83,581,616</b>	<b>-</b>	<b>83,774,902</b>	<b>-</b>
<p>Vat is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.</p> <p>No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.</p>				



<b>7. CASH AND CASH EQUIVALENTS</b>				
Current Investments	349,362,619	602,540,916	349,362,619	602,540,916
Bank Accounts	75,603,191	52,126,414	177,662,692	171,006,909
Cash and Cash Equivalents	12,800	12,800	12,800	12,800
<b>Total Bank, Cash and Cash Equivalents</b>	<b>424,978,610</b>	<b>654,680,130</b>	<b>527,038,111</b>	<b>773,560,625</b>
For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments, net of outstanding Bank Overdrafts.				
<b>7.1 Current Investment Deposits</b>				
<b>Call Deposits</b>	<b>67,402,105</b>	<b>46,397,311</b>	<b>67,402,105</b>	<b>46,397,311</b>
Absa Call Account	67,402,105	1,410,974	67,402,105	1,410,974
Momentum	-	44,986,337	-	44,986,337
<b>Notice Deposits</b>	<b>281,947,399</b>	<b>556,143,605</b>	<b>281,947,399</b>	<b>556,143,605</b>
First National Bank	20,249,370	113,090,638	20,249,370	113,090,638
Absa	<b>5,996,542</b>	94,717,356	<b>5,996,542</b>	94,717,356
Nedbank	141,137,421	128,460,503	141,137,421	128,460,503
Standard Bank	20,249,370	130,019,474	20,249,370	130,019,474
Kagiso Asset Management	46,340,786	44,257,856	46,340,786	44,257,856
Sanlam	47,396,851	45,008,083	47,396,851	45,008,083
Absa Guarantee Deposit	590,197	589,695	590,197	589,695
Short-term Portion of Investments	349,362,619	602,540,916	349,362,619	602,540,916
<b>Total Current Investment Deposits</b>	<b>349,362,619</b>	<b>602,540,916</b>	<b>349,362,619</b>	<b>602,540,916</b>
<b>7.2 Bank Accounts</b>				
Cash in Bank	75,603,191	52,126,414	177,662,692	171,006,909
<b>Total Bank Accounts</b>	<b>75,603,191</b>	<b>52,126,414</b>	<b>177,662,692</b>	<b>171,006,909</b>
The Municipality has the following bank accounts:				
<b>Primary Bank Account</b>				
ABSA - Main Branch, Rustenburg- Account Number 1220000458:				
Cash book balance at beginning of year	33,586,400	37,732,020	33,586,400	37,732,020
Cash book balance at end of year	<u>56,610,859</u>	<u>33,586,400</u>	<u>56,610,859</u>	<u>33,586,400</u>
Bank statement balance at beginning of year	64,137,857	97,058,613	64,137,857	97,058,613
Bank statement balance at end of year	<u>66,542,083</u>	<u>64,137,857</u>	<u>66,542,083</u>	<u>64,137,857</u>
<b>Housing Bank Account</b>				
ABSA - Main Branch, Rustenburg- Account Number 4054617192:				
Cash book balance at beginning of year	18,540,013	18,001,816	18,540,013	18,001,816
Cash book balance at end of year	<u>18,992,332</u>	<u>18,540,013</u>	<u>18,992,332</u>	<u>18,540,013</u>
Bank statement balance at beginning of year	18,540,013	18,118,420	18,540,013	18,118,420
Bank statement balance at end of year	<u>18,992,332</u>	<u>18,540,013</u>	<u>18,992,332</u>	<u>18,540,013</u>

<b>7.3 Cash and Cash Equivalents</b>				
Cash Floats and Advances	12,800	12,800	12,800	12,800
Other Cash Equivalents	-	-	-	-
<b>Total Cash on hand in Cash Floats, Advances and Equivalents</b>	<b>12,800</b>	<b>12,800</b>	<b>12,800</b>	<b>12,800</b>
The management of the municipality is of the opinion that the carrying value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.				
<b>8. OPERATING LEASE ASSETS / RECEIVABLES</b>				
Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. No liability existed at 30 June as none of Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of Non-cancellable				
Balance at beginning of year	642,164	541,479	642,164	541,479
Operating Lease Revenue recorded	289,607	289,607	289,607	289,607
Operating Lease Revenue effected	(211,074)	(188,922)	-211,074	-188,922
<b>Total Operating Lease Assets</b>	<b>720,697</b>	<b>642,164</b>	<b>720,697</b>	<b>642,164</b>
<b>8.1 Leasing Arrangements</b>				
<b>The Municipality as Lessor:</b>				
Operating Leases relate to Property owned by the municipality with lease terms of between 1 to 82 (2012: 1 to 83) years.				
<b>8.2 Amounts receivable under Operating Leases</b>				
At the Reporting Date the following minimum lease payments were receivable under Non-cancellable Operating Leases for Property,				
Up to 1 year	204,832	291,218	204,832	291,218
2 to 5 years	581,675	849,149	581,675	849,149
More than 5 years	2,969,875	3,885,459	2,969,875	3,885,459
<b>Total Operating Lease Arrangements</b>	<b>3,756,383</b>	<b>5,025,826</b>	<b>3,756,383</b>	<b>5,025,826</b>
The impact of charging the escalations in Operating Leases on a straight-line basis over the term of the lease has been a decrease in				
No restrictions have been imposed by the municipality in terms of the operating lease agreements.				

Description	Land	Buildings	Infrastructure	Other	Total	Rustenburg Water Trust Bulk Water Assets	GROUP
	R	R	R	R	R		
<b>Carrying values at 01 July 2013</b>	<b>1,016,978,512</b>	<b>925,874,461</b>	<b>4,372,026,628</b>	<b>126,931,008</b>	<b>6,441,810,609</b>	<b>329,718,552</b>	<b>6,771,529,161</b>
Cost	1,016,978,512	1,399,147,410	7,410,279,039	235,589,545	10,061,994,506	705,328,548	10,767,323,054
- Completed Assets	1,016,978,512	1,317,363,219	6,612,225,551	235,589,545	9,182,156,827	698,270,155	9,880,426,982
- Under Construction	-	81,784,191	798,053,489	-	879,837,680	7,058,393	886,896,073
Revaluation	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	(536,642)	(536,642)	(188,893)	(725,535)
Accumulated Depreciation:	-	(473,272,949)	(3,038,252,411)	(108,121,895)	(3,619,647,256)	(375,421,103)	(3,995,068,359)
- Cost	-	(473,272,949)	(3,038,252,411)	(108,121,895)	(3,619,647,256)	(375,421,103)	(3,995,068,359)
- Revaluation	-	-	-	-	-	-	-
Acquisitions	16,258,000	1,694,456	113,855,441	15,154,673	146,962,570	12,491,126	159,453,696
Borrowing Costs Capitalised	-	-	-	-	-	-	-
Capital under Construction - Additions:	-	125,357,715	740,052,895	-	865,410,610	12,555,142	877,965,752
- Cost	-	-	-	-	-	-	-
Additions	-	125,357,715	740,052,895	-	865,410,610	12,555,142	877,965,752
Transfer in	-	-	-	-	-	-	-
- Borrowing Costs Capitalised	-	-	-	-	-	-	-
Increases in Revaluation	-	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-	-
Depreciation:	-	(97,208,318)	(229,005,441)	(22,261,444)	(348,475,203)	(15,208,534)	(363,683,737)
- Based on Cost	-	-97,208,318	-229,005,441	-22,261,444	-348,475,203	(15,208,534)	(363,683,737)
- Based on Revaluation	-	-	-	-	-	-	-
Carrying value of Disposals:	(405,902)	(139,444)	(666,724)	(1,254,432)	(2,466,501)	(8,380,355)	(10,846,856)
- Cost	(405,902)	(139,444)	(666,724)	(3,291,324)	(4,503,393)	(8,380,355)	(12,883,748)
- Revaluation	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	2,036,892	2,036,892	-	2,036,892
Based on Cost	-	-	-	2,036,892	2,036,892	-	2,036,892
Based on Revaluation	-	-	-	-	-	-	-
Carrying value of Transfers to Held-for-Sale:	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-	-
Based on Cost	-	-	-	-	-	-	-
Based on Revaluation	-	-	-	-	-	-	-
Decreases in Revaluation	-	-	-	-	-	-	-
Impairment Losses	-	-	-22,180	-599,803	(621,983)	-588,134	(1,210,117)
Capital under Construction - Capitalised	-	-	-	-	-	-	-
Capital under Construction - Completed	-	-	(59,732,959)	-	(59,732,959)	-	(59,732,959)
Other Movements	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-	-
Based on Cost	-	-	-	-	-	-	-
Based on Revaluation	-	-	-	-	-	-	-
<b>Carrying values at 30 June 2014</b>	<b>1,032,830,610</b>	<b>955,578,870</b>	<b>4,936,507,660</b>	<b>117,970,003</b>	<b>7,042,887,144</b>	<b>330,587,797</b>	<b>7,373,474,941</b>
Cost	1,032,830,610	1,526,060,137	8,203,787,692	247,452,894	11,010,131,334	721,994,461	11,732,125,795
- Completed Assets	1,032,830,610	1,318,918,231	6,725,414,267	247,452,894	9,324,616,003	702,380,926	10,026,996,929
- Under Construction	-	207,141,906	1,478,373,425	-	1,685,515,331	19,613,535	1,705,128,866
Revaluation	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	(22,180)	(1,136,444)	(1,158,624)	(777,027)	(1,935,651)
Accumulated Depreciation:	-	(570,481,267)	(3,267,257,852)	(128,346,447)	(3,966,085,567)	(390,629,637)	(4,356,715,204)
- Cost	-	(570,481,267)	(3,267,257,852)	(128,346,447)	(3,966,085,567)	(390,629,637)	(4,356,715,204)
- Revaluation	-	-	-	-	-	-	-

**RUSTENBURG LOCAL MUNICIPALITY**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	2014 R	2013 R	2014 R	Group 2013 R
<b>9 PROPERTY, PLANT AND EQUIPMENT (Continued)</b>				
<b>9.1 Impairment of Property, Plant and Equipment</b>				
The amount of R621 983 (2014) disclosed for impairment losses on Property, Plant and Equipment is in respect of an individual amount of impairment losses applicable to a redundant assets: Refer to Note 32 for full Impairment				
Other Assets:	621,983	363,063	621,983	363,063
	<b>621,983</b>	<b>363,063</b>	<b>621,983</b>	<b>363,063</b>
<b>10 INTANGIBLE ASSETS</b>				
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	<b>1,331,622</b>	<b>1,613,237</b>	<b>1,331,622</b>	<b>1,613,237</b>
The movement in Intangible Assets is reconciled as follows:				
	<b>Computer Software</b>	<b>Total</b>	<b>Computer Software</b>	<b>Total</b>
<b>Carrying values at 01 July 2013</b>	<b>1,613,237</b>	<b>1,613,237</b>	<b>1,613,237</b>	<b>1,613,237</b>
Cost	2,485,639	2,485,639	2,485,639	2,485,639
Accumulated Amortisation	(872,402)	(872,402)	(872,402)	(872,402)
Acquisitions:	245,847	245,847	245,847	245,847
Purchased	245,847	245,847	245,847	245,847
Internally Developed	-	-	-	-
Amortisation:	(527,461)	(527,461)	(527,461)	(527,461)
Purchased	(527,461)	(527,461)	(527,461)	(527,461)
Internally Developed	-	-	-	-
<b>Carrying values at 30 June 2014</b>	<b>1,331,622</b>	<b>1,331,622</b>	<b>1,331,622</b>	<b>1,331,622</b>
Cost	2,731,486	2,731,486	2,731,486	2,731,486
Accumulated Amortisation	(1,399,863)	(1,399,863)	(1,399,863)	(1,399,863)
	<b>Computer Software</b>	<b>Total</b>	<b>Computer Software</b>	<b>Total</b>
<b>Carrying values at 1 July 2012</b>	<b>123,847</b>	<b>123,847</b>	<b>123,847</b>	<b>123,847</b>
Cost	921,281	921,281	921,281	921,281
Accumulated Amortisation	(797,434)	(797,434)	(797,434)	(797,434)
Acquisitions:	1,564,358	1,564,358	1,564,358	1,564,358
Purchased	1,564,358	1,564,358	1,564,358	1,564,358
Internally Developed	-	-	-	-
Amortisation:	(74,968)	(74,968)	(74,968)	(74,968)
Purchased	(74,968)	(74,968)	(74,968)	(74,968)
Internally Developed	-	-	-	-
<b>Carrying values at 30 June 2013</b>	<b>1,613,237</b>	<b>1,613,237</b>	<b>1,613,237</b>	<b>1,613,237</b>
Cost	2,485,639	2,485,639	2,485,639	2,485,639
Accumulated Amortisation	(872,402)	(872,402)	(872,402)	(872,402)

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 31).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.  
No restrictions apply to any of the Intangible Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

#### 10.1 Impairment of Intangible Assets

No impairment losses have been recognised on Intangible Assets of the municipality at the reporting date.

### 11 INVESTMENT PROPERTY

At Fair Value

At Cost less Accumulated Depreciation

<b>239,654,072</b>	<b>259,820,353</b>	<b>239,654,072</b>	<b>259,820,353</b>
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The movement in Investment Property is reconciled as follows:

#### Carrying values at 1 July

Cost

Accumulated Depreciation

<b>259,820,353</b>	<b>266,856,049</b>	<b>259,820,353</b>	<b>266,856,049</b>
305,066,975	305,066,975	305,066,975	305,066,975
(45,246,622)	(38,210,926)	(45,246,622)	(38,210,926)

Disposal

Depreciation during the Year

At Cost

At Accumulated Depreciation

(13,130,585)	-	(13,130,585)	-
(7,035,696)	(7,035,696)	(7,035,696)	(7,035,696)
(7,035,696)	(7,035,696)	(7,035,696)	(7,035,696)
-	-	-	-

#### Carrying values at 30 June

Cost

Accumulated Depreciation

<b>239,654,072</b>	<b>259,820,353</b>	<b>239,654,072</b>	<b>259,820,353</b>
291,936,390	305,066,975	291,936,390	305,066,975
(52,282,318)	(45,246,622)	(52,282,318)	(45,246,622)

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

Refer to Appendix "B" for more detail on Investment Property.

### 12 NON-CURRENT INVESTMENTS

#### Listed

Listed Shares- 12 948 Sanlam shares

819,508	610,466	819,508	610,466
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#### Unlisted

Investment in Municipal Entities - at cost

1,000	1,000	1,000	1,000
<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>

#### Financial Instruments

Fixed Deposits

Short-term Financial Instruments

#### Total Investments

All Investments

Less: Short-term Portion transferred to Current Investments

783,690,404	558,283,059	783,690,404	558,283,059
42,109,107	44,408,890	42,109,107	44,408,890
350,169,956	603,303,416	350,169,956	603,303,416
(349,349,448)	(602,691,950)	(349,349,448)	(602,691,950)

#### Total Non-current Investments

<b>820,508</b>	<b>611,466</b>	<b>820,508</b>	<b>611,466</b>
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#### Market valuation of Listed Investments

Listed Shares

610,466	462,891	610,466	462,891
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#### Council's valuation of Unlisted Investments

Investment in Municipal Entities

1,000	1,000	1,000	1,000
<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>

Listed Shares are investments in shares of public companies with no specific maturity dates or interest rates.

Unlisted Investments comprise the following:

Investments in Municipal Entities as disclosed above.

Fixed Deposits are investments with a maturity period of less than 12 months and earn interest rates varying from

The Municipal Structures Act, Act 177 of 1998, requires local authorities to invest funds which are not immediately required with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty rate of interest to meet commitments.

The management of the municipality is of the opinion that the carrying value of Investments recorded at amortised cost in the Annual Financial Statements approximate their fair values.

### 13 FINANCE LEASE RECEIVABLES

	Gross Balances R	Net Balances R	Gross Balances R	Net Balances R
<b>As at 30 June 2014</b>				
Other Finance Leases- Rustenburg Water Services Trust	2,576,259	2,576,259	-	-
	<u>2,576,259</u>	<u>2,576,259</u>	<u>-</u>	<u>-</u>
Less: Current Portion transferred to Current Receivables:-		(51,782)		-
<b>Non-Current Finance Lease Receivables</b>		<u>2,524,477</u>		<u>-</u>

	Gross Balances R	Net Balances R	Gross Balances R	Net Balances R
<b>As at 30 June 2013</b>				
Housing Selling Scheme Loans	437,117	-	-	-
Other Finance Leases	2,622,751	2,622,751	-	-
	<u>3,059,868</u>	<u>2,622,751</u>	<u>-</u>	<u>-</u>
Less: Current Portion transferred to Current Receivables:-		(31,850)		-
Other Finance Leases		(31,850)		-
		-		-
<b>Non-Current Finance Lease Receivables</b>		<u>2,590,901</u>		<u>-</u>

#### 13.1 Leasing Arrangements

A finance lease was granted to the entity (RWST) for sewerage plant transferred by the municipality to the RWST. The lease is repayable over twenty years, in half yearly payments every year at the end of June and December, with the last instalment due on 30 June 2025. The interest rate implicit in the lease is 11%. All leases are denominated in Currency Units.

#### 13.2 Amounts receivable under Finance Leases

	Minimum Lease Payments		Minimum Lease Payments	
	2014 R	2013 R	2014 R	2013 R
Within one year	51,782	31,850	-	-
In the second to fifth years, inclusive	680,205	525,920	-	-
Over five years	1,844,271	2,064,981	-	-

<b>Total Finance Lease Receivables</b>	<u>2,576,258</u>	<u>2,622,751</u>	<u>-</u>	<u>-</u>
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<b>Unearned Finance Income</b>	<u>2,576,258</u>	<u>2,622,751</u>	<u>-</u>	<u>-</u>
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#### Included in the Annual Financial Statements as:

Non-current Finance Lease Receivables	51,782	31,850	-	-
Current Finance Lease Receivables	2,524,477	2,590,901	-	-
<b>Total Finance Lease Receivables</b>	<u>2,576,259</u>	<u>2,622,751</u>	<u>-</u>	<u>-</u>

Management of the municipality is of the opinion that the carrying value of Finance Lease Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values.

### 14 CONSUMER DEPOSITS

Electricity and Water	26,452,937	25,906,811	26,452,937	25,906,811
	<u>26,452,937</u>	<u>25,906,811</u>	<u>26,452,937</u>	<u>25,906,811</u>
<b>Guarantees held in lieu of electricity and water</b>	30,513,747	30,513,747	30,513,747	30,513,747
<b>Guarantees held for retentions on supplier accounts</b>	-	20,603,273	-	20,603,273
	<u>30,513,747</u>	<u>51,117,020</u>	<u>30,513,747</u>	<u>51,117,020</u>

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on Consumer Deposits held.

The management of the municipality is of the opinion that the carrying value of Consumer Deposits approximate their fair values.

	2014 R	2013 R	2014 R	2013 R
<b>15 PROVISIONS</b>				
Current Portion of Post-retirement Medical Aid Benefits Liability (See Note 20)	4,335,878	3,978,912	4,335,878	3,978,912
Rehabilitation of Land-fill Sites	11,649,895	11,323,850	11,649,895	11,323,850
Current Portion of Non-Current Provisions (See Note below):	3,533,650	1,635,605	3,533,650	1,635,605
Long-term Service	3,533,650	1,635,605	3,533,650	1,635,605
<b>Total Provisions</b>	<b>19,519,423</b>	<b>16,938,367</b>	<b>19,519,423</b>	<b>16,938,367</b>
The movement in provisions are reconciled as follows:				
<b>Current Provisions:</b>				
	Landfill Sites		Landfill Sites	
	2014	2013	2014	2013
	R	R	R	R
<b>Landfill Sites:</b>				
Balance at beginning of year	11,323,850	10,336,290	11,323,850	10,336,290
Contributions to provision	326,045	987,560	326,045	987,560
<b>Balance at end of year</b>	<b>11,649,895</b>	<b>11,323,850</b>	<b>11,649,895</b>	<b>11,323,850</b>
<b>Current Portion of Non-Current Provisions:</b>				
	Long Service Awards		Long Service Awards	
	2014	2013	2014	2013
	R	R	R	R
Balance at beginning of year	1,635,605	1,680,982	1,635,605	1,680,982
Contributions to provision	1,898,045	(45,377)	1,898,045	(45,377)
<b>Balance at end of year</b>	<b>3,533,650</b>	<b>1,635,605</b>	<b>3,533,650</b>	<b>1,635,605</b>
<b>16 PAYABLES</b>				
Trade Creditors	232,741,502	376,572,094	219,121,828	397,979,733
Payments received in Advance	57,765,085	53,740,477	57,765,085	53,740,477
Retentions	50,151,674	21,984,836	50,151,674	21,984,836
Staff Leave Accrued	29,322,044	23,815,929	29,322,044	23,815,929
Sundry Deposits	9,173,066	9,022,545	9,173,066	9,022,545
Other Creditors	83,131,383	58,802,359	83,131,383	58,802,359
<b>Total Creditors</b>	<b>462,284,755</b>	<b>543,938,241</b>	<b>448,665,081</b>	<b>565,345,880</b>
<b>Staff Leave</b> accrue to the staff of the municipality on an annual basis, subject to certain conditions. The provision is				
The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA, except when the liability is disputed. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has policies in place to ensure that all payables are paid within the credit				
The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality.				
The management of the municipality is of the opinion that the carrying value of Creditors approximate their fair values.				

	2014 R	2013 R	2014 R	2013 R
<b>17 UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>				
<b>17.1 Conditional Grants from Government</b>	<b>391,484,586</b>	<b>313,289,529</b>	<b>391,484,586</b>	<b>313,289,529</b>
National Government Grants	355,329,400	285,585,757	355,329,400	285,585,757
Provincial Government Grants	11,109,932	4,120,817	11,109,932	4,120,817
Local Government Grants	13,172	13,172	13,172	13,172
Other Spheres of Government	25,032,082	23,569,783	25,032,082	23,569,783
<b>17.2 Other Conditional Receipts</b>	<b>7,543,744</b>	<b>7,543,744</b>	<b>7,543,744</b>	<b>7,543,744</b>
Public Contributions	7,543,744	7,543,744	7,543,744	7,543,744
<b>Total Conditional Grants and Receipts</b>	<b>399,028,330</b>	<b>320,833,273</b>	<b>399,028,330</b>	<b>320,833,273</b>
The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised. Refer to Appendix "F" for more detail on Conditional Grants.				
<b>18 VAT PAYABLE</b>				
VAT Payable is the Net Payable from all VAT Control Accounts and must agree to the VAT 201 Return.				
Vat Payable.	-	96,721,879	-	96,721,879
Vat Receivable.	-	-	-	(2,073,835)
Vat Payable	-	<b>96,721,879</b>	-	<b>94,648,044</b>
Vat is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.				
<b>19 LONG-TERM LIABILITIES</b>				
Finance Lease Liabilities	4,251,613	4,251,613	4,251,613	4,251,613
Other Loans	286,684,213	92,046,340	482,228,106	302,510,489
Sub-total	290,935,826	96,297,953	486,479,719	306,762,102
Less: Current Portion transferred to Current Liabilities:-	30,124,912	9,373,953	47,022,975	24,319,744
Finance Lease Liabilities	-	1,516,949	-	1,516,949
Other Loans	30,124,912	7,857,004	47,022,975	22,802,795
<b>Total Long-term Liabilities (Neither past due, nor impaired)</b>	<b>260,810,914</b>	<b>86,924,000</b>	<b>439,456,744</b>	<b>282,442,358</b>
<b>19.1 Summary of Arrangements</b>				
Finance Lease Liabilities relates to Vehicles and IT Equipment with lease terms of 5 (2012: 5) years. The effective interest rate on Finance Leases is 10%. Capitalised Lease Liabilities are secured over the items of vehicles and equipment leased.				
Other Loans are repaid over a period of 15 years and at interest rates varying from 11.92% to 13.82% per annum.				
The management of the municipality is of the opinion that the carrying value of Long-term Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values.				
Refer to Appendix "A" for more detail on Long-term Liabilities.				
<b>20 RETIREMENT BENEFIT LIABILITIES</b>				
<b>20.1 Post-retirement Health Care Benefits Liability</b>				
Balance at beginning of Year	135,421,829	123,115,637	135,421,829	123,115,637
Contributions to Provision	35,792,691	16,285,104	35,792,691	16,285,104
Balance at end of Year	171,214,520	139,400,741	171,214,520	139,400,741
Transfer to Current Provisions	(4,335,878)	(3,978,912)	(4,335,878)	(3,978,912)
<b>Total Post-retirement Health Care Benefits Liability</b>	<b>166,878,642</b>	<b>135,421,829</b>	<b>166,878,642</b>	<b>135,421,829</b>
The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.				
The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2014 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.				
The members of the Post-employment Health Care Benefit Plan are made up as follows:				
In-service Members (Employees)	1,277	1,148	1,277	1,148
In-service Non-members (Employees)	466	652	466	652
Continuation Members (Retirees, widowers and orphans)	128	120	128	120
<b>Total Members</b>	<b>1,871</b>	<b>1,920</b>	<b>1,871</b>	<b>1,920</b>
The liability in respect of past				
In-service Members	99,706,434	73,775,251	99,706,434	73,775,251
Continuation Members	58,199,089	53,324,655	58,199,089	53,324,655
In-service - Non Members	13,308,997	12,300,835	13,308,997	12,300,835
<b>Total Liability</b>	<b>171,214,520</b>	<b>139,400,741</b>	<b>171,214,520</b>	<b>139,400,741</b>
The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:				
- Bonitas				
- Hosmed				
- Keyhealth				
- LA Health				
- Samwumed				



	2014 R	2013 R	2014 R	2013 R
<b>The principal assumptions used for the purposes of the actuarial valuations were as follows:</b>				
Discount Rate	9.20%	8.92%	9.20%	8.92%
Health Care Cost Inflation Rate	8.28%	7.82%	8.28%	7.82%
Net Effective Discount Rate	76%	1.02%	76%	1.02%
Expected Rate of Salary Increase	0.76%	-	0.76%	-
Expected Retirement Age - Females	63	63	63	63
Expected Retirement Age - Males	63	63	63	63
<b>Movements in the present value of the Defined Benefit Obligation were as follows:</b>				
Balance at the beginning of the year	139,400,741	123,115,637	139,400,741	123,115,637
Current service costs	7,446,942	6,290,554	7,446,942	6,290,554
Interest cost	12,265,159	9,616,725	12,265,159	9,616,725
Benefits paid	(3,678,887)	(3,641,574)	(3,678,887)	(3,641,574)
Actuarial losses / (gains)	15,780,565	4,019,399	15,780,565	4,019,399
<b>Present Value of Fund Obligation at the end of the Year</b>	<b>171,214,520</b>	<b>139,400,741</b>	<b>171,214,520</b>	<b>139,400,741</b>
Actuarial losses / (gains) unrecognised	-	-	-	-
<b>Total Recognised Benefit Liability</b>	<b>171,214,520</b>	<b>139,400,741</b>	<b>171,214,520</b>	<b>139,400,741</b>
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>				
Present value of fund obligations	171,214,520	139,400,741	171,214,520	139,400,741
Present value of unfunded obligations	-	-	-	-
Unfunded Accrued Liability	171,214,520	139,400,741	171,214,520	139,400,741
<b>Total Benefit Liability</b>	<b>171,214,520</b>	<b>139,400,741</b>	<b>171,214,520</b>	<b>139,400,741</b>
<b>The amounts recognised in the Statement of Financial Performance are as follows:</b>				
Current service cost	7,446,942	6,290,554	7,446,942	6,290,554
Interest cost	12,265,159	9,616,725	12,265,159	9,616,725
Actuarial losses / (gains)	15,780,565	4,019,399	15,780,565	4,019,399
<b>Total Post-retirement Benefit included in Employee Related Costs (Note 39)</b>	<b>35,492,666</b>	<b>19,926,678</b>	<b>35,492,666</b>	<b>19,926,678</b>
<b>The history of experienced</b>				
Present Value of Defined Benefit Obligation	171,214,520	139,400,741	171,214,520	139,400,741
<b>Deficit</b>	<b>171,214,520</b>	<b>139,400,741</b>	<b>171,214,520</b>	<b>139,400,741</b>
<b>21 NON-CURRENT PROVISIONS</b>				
Provision for Long Service Awards	21,236,573	19,985,253	21,236,573	19,985,253
Provision for Rehabilitation of Land-fill Sites	17,143,225	19,673,924	17,143,225	19,673,924
<b>Total Non-current Provisions</b>	<b>38,379,798</b>	<b>39,659,177</b>	<b>38,379,798</b>	<b>39,659,177</b>

The movement in Non-current Provisions are reconciled as follows:

	Long-service Awards		Long-service Awards	
	2014 R	2013 R	2014 R	2013 R
Balance at beginning of year	21,620,858	18,462,294	21,620,858	18,462,294
Contributions to provision	5,160,904	4,839,546	5,160,904	4,839,546
Expenditure incurred	(2,011,539)	(1,680,982)	(2,011,539)	(1,680,982)
	24,770,223	21,620,858	24,770,223	21,620,858
Transfer to current provisions	(3,533,650)	(1,635,605)	(3,533,650)	(1,635,605)
<b>Balance at end of year</b>	<b>21,236,573</b>	<b>19,985,253</b>	<b>21,236,573</b>	<b>19,985,253</b>

	Landfill Site		Landfill Site	
	2014 R	2013 R	2014 R	2013 R
Balance at beginning of year	19,673,924	17,958,149	19,673,924	17,958,149
Contributions to provision	(2,530,700)	1,715,775	(2,530,700)	1,715,775
	17,143,224	19,673,924	17,143,224	19,673,924
<b>Balance at end of year</b>	<b>17,143,224</b>	<b>19,673,924</b>	<b>17,143,224</b>	<b>19,673,924</b>

### 21.1 Long Service Awards

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable to employees after 10 years of continuous service, and every 5 years of continuous service from 10 years of service to 45 years of service. The provision is an estimate of the long-service based on historical staff turnover. Additional cash/ gifts are awarded to employees for levels of past service per the LSA policy.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2014 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

	2014 R	2013 R	2014 R	2013 R
<b>The principal assumptions used for the purposes of the actuarial valuations were as follows:</b>				
Discount Rate	7.97%	8.92%	7.97%	8.92%
Cost Inflation Rate	6.54%	7.82%	6.54%	7.82%
Net Effective Discount Rate	0.80%	1.02%	0.80%	1.02%
Expected Rate of Salary Increase	6.79%	-	6.79%	-
Expected Retirement Age - Females	63	63	63	63
Expected Retirement Age - Males	63	63	63	63
<b>Movements in the present value of the Defined Benefit Obligation were as follows:</b>				
Balance at the beginning of the year	139,400,741	123,115,637	139,400,741	123,115,637
Current service costs	7,446,942	6,290,554	7,446,942	6,290,554
Interest cost	12,265,159	9,616,725	12,265,159	9,616,725
Benefits paid	(3,678,887)	(3,641,574)	(3,678,887)	(3,641,574)
Actuarial losses / (gains)	15,780,565	4,019,399	15,780,565	4,019,399
<b>Present Value of Fund Obligation at the end of the Year</b>	<b>171,214,520</b>	<b>139,400,741</b>	<b>171,214,520</b>	<b>139,400,741</b>
<b>Total Recognised Benefit Liability</b>	<b>171,214,520</b>	<b>139,400,741</b>	<b>171,214,520</b>	<b>139,400,741</b>
	146,444,297.00	117,779,883.00	146,444,297.00	117,779,883.00
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>				
Present value of fund obligations	146,444,297	139,400,741	146,444,297	139,400,741
Present value of unfunded obligations	146,444,297	139,400,741	146,444,297	139,400,741
Unfunded Accrued Liability	146,444,297	139,400,741	146,444,297	139,400,741
<b>Total Benefit Liability</b>	<b>146,444,297</b>	<b>139,400,741</b>	<b>146,444,297</b>	<b>139,400,741</b>
<b>The amounts recognised in the Statement of Financial Performance are as follows:</b>				
Current service cost	2,435,370	6,290,554	2,435,370	6,290,554
Interest cost	1,533,259	9,616,725	1,533,259	9,616,725
Actuarial losses / (gains)	(2,011,539)	4,019,399	(2,011,539)	4,019,399
<b>Total Post-retirement Benefit included in Employee Related Costs (Note 39)</b>	<b>1,957,090</b>	<b>19,926,678</b>	<b>1,957,090</b>	<b>19,926,678</b>

### 21.2 Rehabilitation of Landfill Sites

In terms of the licencing of the landfill refuse site, the municipality will incur licensing and rehabilitation costs of R30 997 775 to restore the site at the end of its useful life, estimated to be between 2015 and 2022 for Rustenburg Townlands landfill site. Provision has been made for the net present value of this cost, using the the average cost of borrowing interest rate.

## 22 ACCUMULATED SURPLUS

The Accumulated Surplus consists of the following Internal Funds and Reserves:

Accumulated Surplus / (Deficit) due to the results of Operations	6,783,809,999	6,855,469,600	7,041,082,936	7,078,999,055
<b>Total Accumulated Surplus</b>	<b>6,783,809,999</b>	<b>6,855,469,600</b>	<b>7,041,082,936</b>	<b>7,078,999,055</b>

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

## 23 PROPERTY RATES

	Actual Levies		Actual Levies	
	2014	2013	2014	2013
	R	R	R	R
Residential	86,432,910	84,413,378	86,432,910	84,413,378
Commercial	88,786,755	83,290,605	88,786,755	83,290,605
Agricultural	2,193,699	3,542,744	2,193,699	3,542,744
State	(462,544)	571,912	(462,544)	571,912
<b>Total Property Rates</b>	<b>176,950,820</b>	<b>171,818,639</b>	<b>176,950,820</b>	<b>171,818,639</b>
Attributable to:				
Continuing Operations	176,950,820	171,818,639	176,950,820	171,818,639
Discontinued Operations	-	-	-	-
	<b>176,950,820</b>	<b>171,818,639</b>	<b>176,950,820</b>	<b>171,818,639</b>

Property Rates are levied on the value of land and improvements, which valuation is performed every four years. The last valuation came into effect on 1 July 2009. Supplementary valuations are processed on a monthly basis to take into account changes to individual property values due to alterations and subdivisions.

Interim valuations are processed on an continuous basis to take into account changes in individual property values due to alterations and subdivisions.

Rates are levied monthly on property owners and are payable the end of each month. Interest is levied at a rate determined by council on outstanding rates amounts.

## 24 GOVERNMENT GRANTS AND SUBSIDIES

	2014	2013	2014	2013
	R	R	R	R
National Equitable Share	284,657,000	239,749,000	284,657,000	239,749,000
<b>Operational Grants</b>	<b>284,657,000</b>	<b>239,749,000</b>	<b>284,657,000</b>	<b>239,749,000</b>
<b>Conditional Grants</b>	<b>831,643,305</b>	<b>755,561,624</b>	<b>831,643,305</b>	<b>755,561,624</b>
National: FMG	1,655,000	1,499,999	1,655,000	1,499,999
National: MIG	255,170,113	205,912,712	255,170,113	205,912,712
National: MSIG	890,000	800,000	890,000	800,000
National: DWAF	-	3,564,000	-	3,564,000
National- Department of Minerals & Energy (DME)	-	5,734,196	-	5,734,196
National- Public Transport Infrastructure (PTIS)	557,702,802	506,221,657	557,702,802	506,221,657
Provincial Department of Sports, Arts & Culture (DSAC)	-	21,265,000	-	21,265,000
Provincial- Department of Sports, Arts & Culture (DSAC)	192,740	561,415	192,740	561,415
Provincial- Seta: EPWP training	3,350,427	-	3,350,427	-
Provincial- Extended Public Works Programme (EPWP)	-	7,268,944	-	7,268,944
Provincial- LG Seta	-	38,849	-	38,849
Skills Levy	-	1,796,714	-	1,796,714
INEG	7,258,834	-	7,258,834	-
<b>Grants from private organisations</b>	<b>85,482</b>	<b>345,144</b>	<b>85,482</b>	<b>345,144</b>
Housing DPLG	1,474,383	552,995	1,474,383	552,995
Other	3,863,524	-	3,863,524	-
EEDG	-	-	-	-
<b>Total Government Grants and Subsidies</b>	<b>1,116,300,305</b>	<b>995,310,624</b>	<b>1,116,300,305</b>	<b>995,310,624</b>

**Summary of Transfers:**

Conditions met - transferred to Revenue: Operating Expenses  
 Conditions met - transferred to Revenue: Capital Expenses

<b>Total Transfers</b>	<b>1,116,300,305</b>	<b>995,310,624</b>	<b>1,116,300,305</b>	<b>995,310,624</b>
Attributable to:				
Continuing Operations	1,116,300,305	995,310,624	1,116,300,305	995,310,624
Discontinued Operations	-	-	-	-
	<b>1,116,300,305</b>	<b>995,310,624</b>	<b>1,116,300,305</b>	<b>995,310,624</b>

MFMA sec 123, (1) requires a municipality to disclose information on -

- (a) any allocations received by the municipality from -  
 (i) an organ of state in the national or provincial sphere of government; or  
 (ii) a municipal entity or another municipality;  
 (c) how any allocations referred to in paragraph (a) were spent, per vote, excluding allocations received by the municipality as its portion of the equitable share or where prescribed otherwise because of the nature of the allocation;  
 (d) whether the municipality has complied with the conditions of -  
 (i) any allocations made to the municipality in terms of section 214(1)(c) of the Constitution; and  
 (ii) any allocations made to the municipality other than by national organs of state;  
 (e) the reasons for any non-compliance with conditions referred to in paragraph(d).

**Operational Grants:**

<b>24.1 National: Equitable Share</b>	<b>284,657,000</b>	<b>239,749,000</b>	<b>284,657,000</b>	<b>239,749,000</b>
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In terms of the Constitution, this grant is used to subsidise the provision of basic services to community members. In terms of the allocation made by DPLG the funds are also utilised to enable the municipality to execute its functions as the local authority. No funds have been withheld.

**24.2 National: FMG Grant**

Balance unspent at beginning of year	(105,259)	(105,259)	(105,259)	(105,259)
Current year receipts	(1,550,000)	(1,500,000)	(1,550,000)	(1,500,000)
Conditions met - transferred to Revenue: Operating Expenses	-	-	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-	-	-
	<b>1,655,000</b>	<b>1,499,999</b>	<b>1,655,000</b>	<b>1,499,999</b>
Conditions still to be met - transferred to Liabilities (see Note 16)	<b>(259)</b>	<b>(105,259)</b>	<b>(259)</b>	<b>(105,259)</b>

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003. No funds have been withheld.

**24.3 National: MIG Funds**

Balance unspent at beginning of year	(84,377,302)	(87,772,014)	(84,377,302)	(87,772,014)
Current year receipts	(258,722,000)	(202,518,000)	(258,722,000)	(202,518,000)
Conditions met - transferred to Revenue: Operating Expenses	-	-	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-	-	-
	<b>225,468,208</b>	<b>205,912,712</b>	<b>225,468,208</b>	<b>205,912,712</b>
Conditions still to be met - transferred to Liabilities (see Note 16)	<b>(117,631,094)</b>	<b>(84,377,302)</b>	<b>(117,631,094)</b>	<b>(84,377,302)</b>

The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads, basic sewerage and water infrastructure as part of the upgrading of poor households, micro enterprises and social institutions; to provide for new, rehabilitation and upgrading of municipal infrastructure. No funds have been withheld.

**24.4 National: MSIG Funds**

Balance unspent at beginning of year	-	-	-	-
Current year receipts	(890,000)	(800,000)	(890,000)	(800,000)
Conditions met - transferred to Revenue: Capital Expenses	890,000	800,000	890,000	800,000
Conditions met - transferred to Revenue: Capital Expenses	-	-	-	-

The Municipal Systems Improvement Grant is allocated to municipalities to assist in building in-house capacity to perform their functions and to improve and stabilise municipal systems. No funds have been withheld.

**24.5 National: Department Water Affairs and Forestry (DWAF)**

Balance unspent at beginning of year	-	-	-	-
Current year receipts	-	(3,564,000)	-	(3,564,000)
Interest allocated	-	-	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	3,564,000	-	3,564,000
Conditions still to be met - transferred to Liabilities (see Note 16)	-	-	-	-

This grant was used for the operation and maintenance of sewerage and water schemes transferred from DWAF to the municipality, the refurbishment of water infrastructure and the payment of salaries of staff transferred from DWAF. No funds have been withheld.

**24.6 National: Department Minerals and Energy (DME)**

Balance unspent at beginning of year	(11,966,520)	(1,200,716)	(11,966,520)	(1,200,716)
Current year receipts	-	(16,500,000)	-	(16,500,000)
Interest allocated	-	-	-	-
Conditions met - transferred to Revenue: Operating Expenses	7,258,834	5,734,196	7,258,834	5,734,196
Conditions met - transferred to Revenue: Capital Expenses	-	-	-	-
Conditions still to be met - transferred to Liabilities (see Note 16)	<b>(4,707,687)</b>	<b>(11,966,520)</b>	<b>(4,707,687)</b>	<b>(11,966,520)</b>

Expenses were incurred to promote rural development and upgrade electricity infrastructure. No funds have been withheld.

**24.10 National: Public Transport Infrastructure**

Balance unspent at beginning of year	(117,448,012)	-	(117,448,012)	-
Current year receipts	(630,000,000)	(574,186,000)	(630,000,000)	(574,186,000)
Conditions met - transferred to Revenue: Operating Expenses	-	-	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-	-	-
	<b>557,702,802</b>	<b>506,221,657</b>	<b>557,702,802</b>	<b>506,221,657</b>
Conditions still to be met - transferred to Liabilities (see Note 16)	<b>(189,745,210)</b>	<b>(67,964,343)</b>	<b>(189,745,210)</b>	<b>(67,964,343)</b>

This grant was received to provide for accelerated planning, construction and improvement of public and non motorised transport networks.

**24.11 Provincial: Department Sports, Arts and Culture (DSAC)**

Balance unspent at beginning of year	-	(34,995)	-	(34,995)
Current year receipts	(34,995)	-	(34,995)	-
Conditions met - transferred to Revenue: Operating Expenses	-	-	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-	-	-
Conditions still to be met - transferred to Liabilities (see Note 16)	<b>(34,995)</b>	<b>(34,995)</b>	<b>(34,995)</b>	<b>(34,995)</b>

This grant was received to transform rural and urban community library infrastructure, facilities and services

**24.13 Provincial: COGTA**

Balance unspent at beginning of year	(2,914,474)		(2,914,474)	
Conditions met - transferred to Revenue: Operating Expenses	(2,100,000)	(2,914,474)	(2,100,000)	(2,914,474)
Conditions still to be met - transferred to Liabilities (see Note 16)	85,482	-	85,482	-
	<u>(4,928,992)</u>	<u>(2,914,474)</u>	<u>(4,928,992)</u>	<u>(2,914,474)</u>

This grant was utilised for the maintenance of roads in the jurisdiction area of the municipality. No funds have been withheld.

**24.14 Provincial: Extended Public Works Programme (EPWP)**

Balance unspent at beginning of year	(568,056)	-	(568,056)	-
Current year receipts	(7,990,000)	(7,837,000)	(7,990,000)	(7,837,000)
Conditions met - transferred to Revenue: Operating Expenses	-	-	-	-
Other Transfers: Grant debtor	3,350,427	7,268,944	3,350,427	7,268,944
Conditions still to be met - transferred to Liabilities (see Note 16)	<u>(5,207,629)</u>	<u>(568,056)</u>	<u>(5,207,629)</u>	<u>(568,056)</u>

This grant was used to incentivise provincial departments to increase job creation efforts in infrastructure, environment and culture programmes through the use of labour- intensive methods and the expansion of job creation in line with the EPWP guidelines.

**24.15 Provincial: LG Seta**

Balance unspent at beginning of year	(17,046)	(24,395)	(17,046)	(24,395)
Current year receipts		(31,500)		(31,500)
Interest allocated		-		-
Conditions met - transferred to Revenue: Operating Expenses		-		-
Conditions met - transferred to Revenue: Capital Expenses		38,849		38,849
Other Transfers: Grant debtor				
Conditions still to be met - transferred to Liabilities (see Note 16)	<u>(17,046)</u>	<u>(17,046)</u>	<u>(17,046)</u>	<u>(17,046)</u>

This grant was utilised to construct a training centre for pupils of the fire services division.

**24.16 Local: BPD: Cleaning of cemeteries/ LED Business Plans & other**

Balance unspent at beginning of year	(13,172)	(13,172)	(13,172)	(13,172)
Current year receipts		-		-
Conditions met - transferred to Revenue: Operating Expenses		-		-
Conditions still to be met - transferred to Liabilities (see Note 16)	<u>(13,172)</u>	<u>(13,172)</u>	<u>(13,172)</u>	<u>(13,172)</u>

This grant is received from district municipalities for the cleaning of cemeteries, LED business plans and various other initiatives.

**24.17 Other: Royal Bafokeng: Western By-pass**

Balance unspent at beginning of year	(4,563,739)	(4,563,739)	(4,563,739)	(4,563,739)
Conditions still to be met - transferred to Liabilities (see Note 16)	<u>(4,563,739)</u>	<u>(4,563,739)</u>	<u>(4,563,739)</u>	<u>(4,563,739)</u>

This grant was received with regards to the Western Bypass at the Royal Bafokeng Stadium, in order to ensure that the bypass made the stadium more accessible during the FIFA 2012 Soccer World Cup.

**24.19 Other: National Lottery**

Balance unspent at beginning of year	(11,771)	(11,771)	(11,771)	(11,771)
Conditions still to be met - transferred to Liabilities (see Note 16)	<u>(11,771)</u>	<u>(11,771)</u>	<u>(11,771)</u>	<u>(11,771)</u>

This grant was received from the National Lottery for the upgrading and maintaining of hospice facilities.

**24.20 Other: Seed Funding**

Balance unspent at beginning of year	(422,186)	(422,186)	(422,186)	(422,186)
Conditions met - transferred to Revenue: Capital Expenses	-	-	-	-
Conditions still to be met - transferred to Liabilities (see Note 16)	<u>(422,186)</u>	<u>(422,186)</u>	<u>(422,186)</u>	<u>(422,186)</u>

This grant was utilised for the maintenance of roads in the jurisdiction area of the municipality. No funds have been withheld.

**24.21 Other**

Balance unspent at beginning of year	(7,543,744)	(7,543,744)	(7,543,744)	(7,543,744)
Current year receipts				
Conditions met - transferred to Revenue: Operating Expenses				
Conditions met - transferred to Revenue: Capital Expenses				
Conditions still to be met - transferred to Liabilities (see Note 16)	<u>(7,543,744)</u>	<u>(7,543,744)</u>	<u>(7,543,744)</u>	<u>(7,543,744)</u>

Mostly received from local business in the promoting to various business ventures.

**25 SERVICE CHARGES**

Sale of Electricity	1,428,060,940	1,227,128,578	1,428,060,940	1,227,128,578
Sale of Water	272,460,935	343,580,940	317,563,646	385,082,068
Refuse Removal	82,526,746	79,497,332	82,526,746	79,497,332
Sewerage and Sanitation Charges	70,836,808	63,495,471	71,076,802	63,495,471
Other Service Charges	-	-	-	-
<b>Total Service Charges</b>	<u>1,853,885,429</u>	<u>1,713,702,320</u>	<u>1,899,228,134</u>	<u>1,755,203,448</u>
Attributable to:				
Continuing Operations	1,853,885,429	1,713,702,320	1,899,228,134	1,755,203,448
Discontinued Operations	-	-	-	-
	<u>1,853,885,429</u>	<u>1,713,702,320</u>	<u>1,899,228,134</u>	<u>1,755,203,448</u>

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

<b>26 RENTAL OF FACILITIES AND EQUIPMENT</b>				
Rental Revenue from Amenities	938,147	903,514	938,147	903,514
Rental Revenue from Buildings	2,025,308	1,640,661	2,025,308	1,640,661
Rental Revenue from Halls	1,146,283	1,233,959	1,146,283	1,233,959
Rental Revenue from Land	1,997,094	1,463,215	1,997,094	1,463,215
Rental Revenue from Other Facilities	333,491	484,202	333,491	484,202
<b>Total Rental of Facilities and Equipment</b>	<b>6,440,323</b>	<b>5,725,552</b>	<b>6,440,323</b>	<b>5,725,552</b>
Attributable to:				
Continuing Operations	6,440,323	5,725,552	6,440,323	5,725,552
	<b>6,440,323</b>	<b>5,725,552</b>	<b>6,440,323</b>	<b>5,725,552</b>
Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.				
<b>27 INTEREST EARNED</b>				
<b>External Investments:</b>				
Current Account			6,494,284	5,537,669
Investments	27,859,662	53,558,462	27,859,662	53,558,462
	<b>27,859,662</b>	<b>53,558,462</b>	<b>34,353,946</b>	<b>59,096,131</b>
<b>Total Interest Received</b>				
Interest - Notice Deposits	-	-	-	-
Interest - Variable Rate Instruments	<b>27,859,662</b>	<b>53,558,462</b>	<b>34,353,946</b>	<b>59,096,131</b>
Interest - Other	-	-	-	-
Interest -Bank Account	-	-	-	-
<b>Outstanding Debtors:</b>				
Land Sales	-	-	-	-
Outstanding Billing Debtors	112,994,345	76,573,102	112,994,345	76,573,102
	<b>112,994,345</b>	<b>76,573,102</b>	<b>112,994,345</b>	<b>76,573,102</b>
<b>Total Interest Earned</b>	<b>140,854,007</b>	<b>130,131,564</b>	<b>147,348,291</b>	<b>135,669,233</b>
Interest Earned on Financial Assets, analysed by category of asset, is as follows:				
Available-for-Sale Financial Assets	27,859,662	53,558,462	34,353,946	59,096,131
Held-to-Maturity Investments	-	-	-	-
Loans and Receivables	112,994,345	76,573,102	112,994,345	76,573,102
	<b>140,854,007</b>	<b>130,131,564</b>	<b>147,348,291</b>	<b>135,669,233</b>
	<b>140,854,007</b>	<b>130,131,564</b>	<b>147,348,291</b>	<b>135,669,233</b>
Revenue recognised in respect of Financial Assets designated as at "fair value" is disclosed in Note 37.				
<b>28 OTHER INCOME</b>				
Building Plan Fees	355,369	535,811	355,369	535,811
Bank charges recovered	203,140	226,637	203,140	226,637
Application for clearance certificate	374,703	489,183	374,703	489,183
Service connections	4,961,722	4,884,619	4,961,722	4,884,619
Reconnection fees	5,592,481	4,289,392	5,592,481	4,289,392
Network upgrade contributions	2,045,967	-	2,045,967	-
Cemetery Fees	805,787	902,221	805,787	902,221
Advertising Signs	1,619,726	1,467,942	1,619,726	1,467,942
Legal Cost Recovered	97,294	56,051	97,294	56,051
Maintenance of Private Sidings	7,700	-	7,700	-
Prints	-	155,057	-	155,057
Photocopies	103,061	-	103,061	-
Tender Documents	1,204,525	1,408,330	1,217,325	1,408,330
Recovery of Anglo DAF expenses	-	-	1,075,507	-
Town Planning Fees	54,825	-	54,825	-
Settlement discount	110,345	1,147,360	110,345	1,147,360
Surplus cash	37,918	44,130	37,918	44,130
Sundry Income	11,191,077	3,379,608	11,191,077	3,379,608
Swimming pool fees	143,297	79,626	143,297	79,626
Excessive Provisions and Reserves	-	163,855,671	-	163,855,671
Write-off of creditors	59,550,400	-	59,550,400	-
<b>Total Other Revenue</b>	<b>88,459,337</b>	<b>182,921,638</b>	<b>89,547,644</b>	<b>182,921,638</b>
Attributable to:				
Continuing Operations	88,459,337	182,921,638	89,547,644	182,921,638
Discontinued Operations	-	-	-	-
	<b>88,459,337</b>	<b>182,921,638</b>	<b>89,547,644</b>	<b>182,921,638</b>
<b>29 EMPLOYEE RELATED COSTS</b>				
Employee Related Costs - Salaries and Wages	<b>339,767,784</b>	<b>291,198,583</b>	<b>343,058,824</b>	<b>294,234,577</b>
Basic Salaries and Wages	312,656,976	265,176,503	315,948,016	268,212,498
Annual Bonus	18,763,826	17,244,843	18,763,826	17,244,843
Contribution to Leave Fund	8,346,983	8,777,236	8,346,983	8,777,236
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	<b>86,442,700</b>	<b>80,579,369</b>	<b>86,442,700</b>	<b>80,579,369</b>
Group Life	242,048	253,906	242,048	253,906
Medical	28,168,846	25,292,541	28,168,846	25,292,541
Pension	48,842,363	46,684,457	48,842,363	46,684,457
Industrial Council Levy	122,991	118,173	122,991	118,173
Skills Development Levy	3,469,231	3,138,339	3,469,231	3,138,339
UIF	2,855,121	2,507,626	2,855,121	2,507,626
Workmen's Compensation	2,742,101	2,584,328	2,742,101	2,584,328
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	<b>15,931,767</b>	<b>13,863,068</b>	<b>15,931,767</b>	<b>13,863,068</b>
Allowances	15,931,767	13,863,068	15,931,767	13,863,068
Housing Benefits and Allowances	1,237,604	1,456,837	1,237,604	1,456,837
Overtime Payments	35,224,963	32,453,730	35,224,963	32,453,730
Performance Bonuses	-	-	-	-
Other Employee Cost	1,750	-	1,750	-
Defined Benefit Plan Expense:	<b>34,963,144</b>	<b>19,443,668</b>	<b>34,963,144</b>	<b>19,443,668</b>
Current Service Cost	9,882,312	8,854,548	9,882,312	8,854,548
Interest Cost	13,798,418	10,769,390	13,798,418	10,769,390
Benefits Paid	(5,690,426)	(5,322,556)	(5,690,426)	(5,322,556)
Net Actuarial (gains)/losses recognised	16,972,840	5,142,286	16,972,840	5,142,286
Less: Employee Costs allocated to Property, Plant and Equipment	-	-	-	-
Less: Employee Costs included in Other Expenses	-	-	-	-
<b>Total Employee Related Costs</b>	<b>513,569,712</b>	<b>438,995,255</b>	<b>516,860,752</b>	<b>442,031,250</b>
Attributable to:				
Continuing Operations	513,569,712	438,995,255	516,860,752	442,031,250
Discontinued Operations	-	-	-	-
	<b>513,569,712</b>	<b>438,995,255</b>	<b>516,860,752</b>	<b>442,031,250</b>

### 30 Remuneration of Section 57 Employees:

#### **Remuneration of the Municipal Manager**

Annual Remuneration	637,825	1,549,793	637,825	1,549,793
Performance Bonus	-	-	-	-
Car and Other Allowances	-	-	-	-
Company Contributions to UIF, Medical and Pension Funds	-	17,226	-	17,226
Accumulated leave payout	641,370	-	641,370	-
<b>Total</b>	<b>1,279,194</b>	<b>1,567,019</b>	<b>1,279,194</b>	<b>1,567,019</b>

#### **Remuneration of the Chief Financial Officer**

Annual Remuneration	927,642	887,837	927,642	887,837
Performance Bonus	-	-	-	-
Car and Other Allowances	280,040	180,000	280,040	180,000
Company Contributions to UIF, Medical and Pension Funds	205,866	200,243	205,866	200,243
Accumulated leave payout	-	-	-	-
<b>Total</b>	<b>1,413,548</b>	<b>1,268,081</b>	<b>1,413,548</b>	<b>1,268,081</b>

#### **Remuneration: Director: Planning and Development**

Annual Remuneration	895,676	828,614	895,676	828,614
Performance Bonus	-	-	-	-
Car and Other Allowances	130,561	120,000	130,561	120,000
Company Contributions to UIF, Medical and Pension Funds	89,260	94,050	89,260	94,050
Accumulated leave payout	-	-	-	-
<b>Total</b>	<b>1,115,497</b>	<b>1,042,664</b>	<b>1,115,497</b>	<b>1,042,664</b>

#### **Remuneration: Director: Corporate Services**

Annual Remuneration	1,145,317	564,618	1,145,317	564,618
Performance Bonus	-	-	-	-
Car and Other Allowances	11,666	60,000	11,666	60,000
Company Contributions to UIF, Medical and Pension Funds	59,051	3,901	59,051	3,901
Accumulated leave payout	-	-	-	-
<b>Total</b>	<b>1,216,034</b>	<b>628,519</b>	<b>1,216,034</b>	<b>628,519</b>

#### **Remuneration: Director: Local Economic Development**

Annual Remuneration	1,103,151	1,031,708	1,103,151	1,031,708
Performance Bonus	-	-	-	-
Car and Other Allowances	-	-	-	-
Company Contributions to UIF, Medical and Pension Funds	1,785	12,029	1,785	12,029
Accumulated leave payout	-	-	-	-
<b>Total</b>	<b>1,104,936</b>	<b>1,043,737</b>	<b>1,104,936</b>	<b>1,043,737</b>

#### **Remuneration: Director: Public Safety**

Annual Remuneration	1,024,107	1,108,546	1,024,107	1,108,546
Performance Bonus	-	-	-	-
Car and Other Allowances	78,328	77,000	78,328	77,000
Company Contributions to UIF, Medical and Pension Funds	1,487	10,499	1,487	10,499
Accumulated leave payout	-	-	-	-
<b>Total</b>	<b>1,103,923</b>	<b>1,196,045</b>	<b>1,103,923</b>	<b>1,196,045</b>

#### **Remuneration: Director: Infrastructure Development**

Annual Remuneration	820,895	759,894	820,895	759,894
Performance Bonus	-	-	-	-
Car and Other Allowances	169,938	158,400	169,938	158,400
Company Contributions to UIF, Medical and Pension Funds	225,073	219,872	225,073	219,872
Accumulated leave payout	-	-	-	-
<b>Total</b>	<b>1,215,906</b>	<b>1,138,167</b>	<b>1,215,906</b>	<b>1,138,167</b>

#### **Remuneration: Director: Community Development**

Annual Remuneration	438,944	995,533	438,944	995,533
Performance Bonus	-	-	-	-
Car and Other Allowances	28,416	77,000	28,416	77,000
Company Contributions to UIF, Medical and Pension Funds	744	10,600	744	10,600
Accumulated leave payout	-	-	-	-
<b>Total</b>	<b>468,104</b>	<b>1,083,133</b>	<b>468,104</b>	<b>1,083,133</b>

#### **Remuneration: Chief Operating Officer**

Annual Remuneration	1,376,811	1,292,181	1,376,811	1,292,181
Performance Bonus	-	-	-	-
Car and Other Allowances	123,386	108,000	123,386	108,000
Company Contributions to UIF, Medical and Pension Funds	1,785	14,512	1,785	14,512
Accumulated leave payout	-	-	-	-
<b>Total</b>	<b>1,501,982</b>	<b>1,414,692</b>	<b>1,501,982</b>	<b>1,414,692</b>

#### **Remuneration: Director Rust Rapid Transport**

Annual Remuneration	815,698	756,676	815,698	756,676
Performance Bonus	-	-	-	-
Car and Other Allowances	165,489	108,000	165,489	108,000
Company Contributions to UIF, Medical and Pension Funds	181,238	177,730	181,238	177,730
Accumulated leave payout	-	41,368	-	41,368
<b>Total</b>	<b>1,162,425</b>	<b>1,083,774</b>	<b>1,162,425</b>	<b>1,083,774</b>

<b>Remuneration: Deputy Chief Financial Officer</b>				
Annual Remuneration	711,674	217,899	711,674	217,899
Performance Bonus	-	-	-	-
Car and Other Allowances	276,953	27,333	276,953	27,333
Company Contributions to UIF, Medical and Pension Funds	129,886	30,040	129,886	30,040
Accumulated leave payout	-	-	-	-
<b>Total</b>	<b>1,118,513</b>	<b>275,272</b>	<b>1,118,513</b>	<b>275,272</b>
<i>This was a new position in 2012/13 financial year hence no comparative</i>				
No advances were made to employees.				
<b>30.1 REMUNERATION OF COUNCILLORS</b>				
Mayor	1,541,133	809,610	1,541,133	809,610
Speaker	684,888	430,306	684,888	430,306
Chief Whip	539,203	517,488	539,203	517,488
Executive Committee Members	5,522,785	5,361,374	5,522,785	5,361,374
Councillors	16,184,741	14,158,017	16,184,741	14,158,017
Company Contributions to UIF, Medical and Pension Funds	2,765,254	2,444,657	2,765,254	2,444,657
Pension Fund	-	-	-	-
<b>Total Councillors' Remuneration</b>	<b>27,238,004</b>	<b>23,721,452</b>	<b>27,238,004</b>	<b>23,721,452</b>
<b>31 DEPRECIATION AND AMORTISATION</b>				
Depreciation: Property, Plant and Equipment	348,552,033	393,361,787	363,936,433	408,757,242
Amortisation: Intangible Assets	527,461	74,968	527,461	74,968
Depreciation: Investment Property	7,035,696	7,035,696	7,035,696	7,035,696
<b>Total Depreciation and Amortisation</b>	<b>356,115,190</b>	<b>400,472,451</b>	<b>371,499,590</b>	<b>415,867,906</b>
<b>Depreciation and Amortisation:</b>				
Amortisation: Intangible Assets	527,461	74,968	527,461	74,968
Depreciation: Property, Plant and Equipment	348,552,033	393,361,787	363,936,433	408,757,242
Depreciation: Investment Property	7,035,696	7,035,696	7,035,696	7,035,696
<b>Total Depreciation and Amortisation</b>	<b>356,115,190</b>	<b>400,472,451</b>	<b>371,499,590</b>	<b>415,867,906</b>
<b>Attributable to:</b>				
Continuing Operations	356,115,190	400,472,451	371,499,590	415,867,906
Discontinued Operations	-	-	-	-
	<b>356,115,190</b>	<b>400,472,451</b>	<b>371,499,590</b>	<b>415,867,906</b>
<b>32 IMPAIRMENT LOSSES</b>				
<b>32.1 Impairment Losses on Fixed Assets</b>				
Property, Plant and Equipment	621,983	363,063	810,876	553,061
Fines	22,784,932	-	22,784,932	-
	<b>23,406,915</b>	<b>363,063</b>	<b>23,595,808</b>	<b>553,061</b>
<b>32.2 Impairment of Revenue</b>				
<b>Impairment Losses Recognised:</b>				
Other Service Charges	54,215,222	6,704,995	54,215,222	6,704,995
	<b>54,215,222</b>	<b>6,704,995</b>	<b>54,215,222</b>	<b>6,704,995</b>
<b>Total Impairment Losses</b>	<b>77,622,137</b>	<b>7,068,058</b>	<b>77,811,030</b>	<b>7,258,056</b>
<b>Attributable to:</b>				
Continuing Operations	77,622,137	7,068,058	77,811,030	7,258,056
Discontinued Operations	-	-	-	-
	<b>77,622,137</b>	<b>7,068,058</b>	<b>77,811,030</b>	<b>7,258,056</b>
<b>33 FINANCE COSTS</b>				
Bank Overdraft	-	-	-	-
Creditors Overdue	-	-	-	-
Finance Leases	-	-	286,143	288,208
Landfill Provision	-	2,703,336	-	2,703,336
Loans and Payables at amortised cost	15,719,288	11,929,818	41,919,423	39,856,675
Operating Leases	-	-	-	-
<b>Total Interest Expense</b>	<b>15,719,288</b>	<b>14,633,154</b>	<b>42,205,566</b>	<b>42,848,219</b>
Less: Amounts included in the Cost of qualifying Assets	-	-	-	-
<b>Total Interest Paid on External Borrowings</b>	<b>15,719,288</b>	<b>14,633,154</b>	<b>42,205,566</b>	<b>42,848,219</b>
<b>Attributable to:</b>				
Continuing Operations	15,719,288	14,633,154	42,205,566	42,848,219
Discontinued Operations	-	-	-	-
	<b>15,719,288</b>	<b>14,633,154</b>	<b>42,205,566</b>	<b>42,848,219</b>
The weighted average capitalisation rate on funds borrowed generally is 9.9% per annum				
<b>34 BULK PURCHASES</b>				
Electricity	1,235,268,209	884,102,114	1,235,268,209	884,102,114
Water	228,007,914	228,486,859	138,837,507	152,385,042
<b>Total Bulk Purchases</b>	<b>1,463,276,122</b>	<b>1,112,588,973</b>	<b>1,374,105,715</b>	<b>1,036,487,156</b>
Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom whilst Water is purchased from				



<b>35 CONTRACTED SERVICES</b>				
Meter Reading	3,530,721	3,710,173	3,530,721	3,710,173
Professional Fees	73,093,217	14,116,598	73,290,776	14,262,039
Security Services	17,352,059	16,715,972	17,352,059	16,715,972
Valuation Services	3,562,308	794,904	3,562,308	794,904
IT Services	-	4,036,841	-	4,036,841
Training	5,364,234	6,360,461	5,364,234	6,360,461
Water Purification	-	-	419,071	-
Other Contracted Services	166,196,358	115,056,606	166,196,358	115,056,606
<b>Total Contracted Services</b>	<b>269,098,898</b>	<b>160,791,554</b>	<b>269,715,528</b>	<b>160,936,995</b>
Attributable to:				
Continuing Operations	269,098,898	160,791,554	269,715,528	160,936,995
Discontinued Operations	-	-	-	-
	<b>269,098,898</b>	<b>160,791,554</b>	<b>269,715,528</b>	<b>160,936,995</b>
<b>36 GRANTS AND SUBSIDIES PAID</b>				
Community Projects	499,194	1,051,979	499,194	1,051,979
Sport Events	-	50,323	-	50,323
<b>Total Grants and Subsidies</b>	<b>499,194</b>	<b>1,102,302</b>	<b>499,194</b>	<b>1,102,302</b>
<b>37 GENERAL EXPENSES</b>				
Included in General Expenses are the following:				
Advertising	5,351,866	6,366,620	5,351,866	6,366,620
Afcon activities	-	65,465,823	13,493	65,465,823
AVM Online Vending Service	5,721,762	6,353,394	5,721,762	6,353,394
Audit Fees	14,954,277	4,828,446	15,168,540	4,828,446
Bad Debts Written Off	63,151	342,948,560	63,151	342,948,560
Bank Charges	8,160,571	5,917,402	8,178,173	5,924,815
Chemicals and Poison	951,635	234,882	951,635	234,882
Consulting fees	4,462,926	2,506,332	4,566,746	2,506,332
Electricity	28,430	-	28,430	-
Energy Efficiency & Demand Side Management Grants	-	8,747,406	-	8,747,406
Entertainment	3,766,524	-	3,766,524	-
Hiring of Equipment	518,537	552,794	518,537	552,794
IDP Activities	199,500	3,180,283	199,500	3,180,283
Implement correction of audit queries	176,434	3,676,334	176,434	3,676,334
Insurance	-	91,067	768,039	741,152
Lease Charges	3,077,496	3,325,928	3,077,496	3,325,928
Legal Claims	1,525,899	897,795	1,525,899	897,795
Legal Costs	-	-	167,059	87,939
Levies: SALGA	671,261	8,793,630	671,261	8,793,630
License fees	4,340,378	-	4,445,624	1,103,860
Materials and Stocks	3,872,592	2,778,164	3,872,592	2,778,164
Marketing Costs	4,165,712	3,999,443	4,165,712	3,999,443
Medical Examinations	505,197	605,324	505,197	605,324
Membership Fees	98,733	-	98,733	-
Photocopies	4,383,140	2,964,258	4,383,140	2,964,258
Postage and Telegrams	-	8,526,981	-	8,526,981
Printing of license cards	-	2,405,584	-	2,405,584
Protective Clothing & Safety Equipment	1,575,492	1,707,546	1,575,492	1,707,546
Provision- Landfill Sites	-	1,857,307	-	1,857,307
Refuse Removal	-	-	-	-
Rentals	-	892,417	-	892,417
Sanitation and Sewerage	7,570,217	7,914,077	7,570,217	7,914,077
Security Services	-	853,300	-	853,300
Stock Shortages/Surpluses	-	3,724,106	-	3,724,106
Telephone Cost	-	9,918	-	9,918
Tourism Strategy	8,516,065	1,923,212	8,516,065	1,923,212
Training Costs	-	-	-	-
Transport Costs	2,425,884	3,585,244	2,425,884	3,585,244
Travelling and Subsistence	43,791,370	41,192,880	43,791,370	41,192,880
Uniforms	2,421,905	2,505,089	2,421,905	2,505,089
Ward Committee Management	-	1,695,546	-	1,695,546
Waste Management	4,568,622	4,539,751	4,568,622	4,539,751
Water	-	1,992,069	48,964,963	44,404,582
Website Hosting	-	5,999,076	-	5,999,076
Other General Expenses	107,780,068	57,599,742	107,780,068	57,599,742
<b>Total General Expenses</b>	<b>245,645,644</b>	<b>623,157,727</b>	<b>296,000,129</b>	<b>667,419,537</b>
The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense. Inter-departmental Charges are charged to other trading and economic services for support services				
<b>38 CORRECTION OF ERROR</b>				
Corrections were made and appropriated to the Accumulated Surplus Account during the financial years ended 30 June.				
<b>Prior Period Error note</b>				
<i>The cumulative effect of all of the above had the following impact on the annual financial statements:</i>				
<b>Statement of financial position</b>				
(Increase)/ Decrease in opening retained earnings	-	(154,882,353)	-	(154,882,353)
(Increase)/Decrease in reserves	-	6,548,151	-	6,548,151
Increase in property, plant and equipment	-	(134,071,356)	-	(134,071,356)
Increase in investment property	-	(20,648,243)	-	(20,648,243)
(Increase)/ Decrease in accumulated depreciation	-	7,967,010	-	7,981,493
Decrease in receivables from non-exchange revenue	-	-	-	-
Decrease in receivables from exchange revenue	-	(106,008,490)	-	(106,008,490)
Increase in VAT Receivable	-	23,464,563	-	23,464,563
Decrease in payables	-	(20,451,996)	-	(20,451,996)
Increase in bank	-	-	-	41,685
Increase in pre-payments	-	-	-	101,894
		<b>(398,082,713)</b>		<b>(397,924,651)</b>
<b>Statement of financial performance</b>				
Decrease in depreciation	-	(6,252,773)	-	(6,267,256)
Increase in interest received	-	-	-	(41,685)
Decrease in rental of facilities and equipment	-	-	-	-
Increase in service charges	-	(100,898,414)	-	(100,898,414)
Decrease in Other Income	-	-	-	-
Increase in income from fines	-	-	-	-
Increase in general expense	-	-	-	-
Increase in repairs and maintenance	-	3,675,691	-	3,675,691
Decrease in interest from outstanding debtors	-	34,021,298	-	34,021,298
Increase in contracted services	-	-	-	-
Decrease in general expense	-	-	-	(101,894)
		<b>(69,454,198)</b>		<b>(69,612,260)</b>

**38.1 Effect of the above on the property, plant and equipment, and accumulated surplus:****Statement of Financial Position:**

Increase in PPE	(1,936,811)
Decrease in PPE	-
(Increase)/Decrease in accumulated depreciation	7,967,010
Decrease/(Increase) in accumulated surplus	(3,453,118)
	<u><b>2,577,083</b></u>

**Statement of Financial Performance:**

Increase in repairs and maintenance (incorrectly capitalised expenditure)	3,675,691
Decrease in depreciation	(6,252,773)
	<u><b>(2,577,082)</b></u>

*These changes are due to adjustment of assets which were over depreciated and others capitalised as negative amount.  
Some of the operational expenditure was reclassified from Capex to Opex*

**38.2 Effect of the above on the receivables and accumulated surplus****Statement of Financial Position:**

Decrease/(Increase) in accumulated surplus	5,312,927	15,789,208
Increase/(Decrease) in receivables	-	(106,008,490)
	<u><b>5,312,927</b></u>	<u><b>(90,219,281)</b></u>

**Statement of Financial Performance:**

Statement of Financial Performance:	
Decrease/(Increase) on Service Charges	(100,898,414)
Decrease/(Increase) on Interest on outstanding debtors	20,520,575
Increase on Impairment of debtors	6,741,449
Decrease/(Increase) on Other income	(5,312,927)
	<u>163,855,671</u>
	<u>(5,312,927)</u>
	<u>90,219,281</u>

*The adjustment to revenue was due to accrual of water and electricity at year-end, recalculation of interest on debtors accounts and reclassification of expenditure to relevant accounts. Portion of impairment amount which was classified under Other income in 2012/13 was reversed and the excess amount disclosed as the impairment expense*

**38.3 Effect of the above on Payables and accumulated surplus****Statement of Financial Position:**

Decrease/(Increase) in accumulated surplus	(39,098,444)
Decrease/(Increase) in trade creditors	59,550,440
Decrease/(Increase) in payments received in advance	(20,451,996)
	<u><b>-</b></u>

*Decrease in trade creditors was the write-off of payables approved by Council due to no movement in the creditors*

**38.4 Effect of the above on VAT and accumulated surplus****Statement of Financial Position:**

Decrease/(Increase) in accumulated surplus	(23,464,564)
Increase/(Decrease) in VAT receivable	23,464,564
Decrease/(Increase) in VAT payable	-
	<u><b>-</b></u>

*The adjustment was to correct prior year understated VAT receivable due to non-recorded/reconciliation of VAT control account and VAT201*

<b>39 CASH GENERATED BY OPERATIONS</b>				
Surplus / (Deficit) for the Year	(71,659,601)	281,612,652	(37,327,984)	302,718,309
Correction of Prior Year Errors				
Appropriations to/from Internal Reserves				
Depreciation and Amortisation	356,115,190	400,472,451	371,499,590	415,867,906
Impairment Losses on Property, Plant and Equipment	460,071,175	(163,855,671)	460,260,068	(164,045,669)
(Gains)/loss on Disposal of Property, Plant and Equipment	(10,459,667)	(1,468,275)	(10,459,667)	(1,468,275)
Other Movement on Property, Plant and Equipment			-	-
Contribution to Retirement Benefit Liabilities	34,963,144	19,443,668	34,963,144	19,443,668
Accrued income	(557,673,840)	261,902,489	(557,673,840)	261,902,489
Contribution to Landfill site provision	(2,204,654)	2,703,334	(2,204,654)	2,703,334
			-	-
<b>Operating surplus before working capital changes</b>	<b>209,151,746</b>	<b>800,810,648</b>	<b>259,056,656</b>	<b>837,121,762</b>
Decrease/(Increase) in Inventories	(8,570,116)	(2,755,023)	(8,570,116)	(2,755,023)
Decrease/(Increase) in Receivables from Exchange Transactions	340,321,698	(349,182,782)	317,859,736	(351,669,787)
Decrease/(Increase) in Receivables from Non-exchange Transactions	31,438,755	(33,377,352)	31,438,755	(33,377,352)
Decrease/(Increase) in VAT Receivable	(83,581,616)	(36,364,196)	(83,581,616)	(36,364,196)
Decrease/(Increase) in Operating Lease Assets	(78,533)	(100,685)	(78,533)	(100,685)
Decrease/(Increase) in Current Portion of Lease Receivable	(19,932)	-	(19,932)	-
Increase/(Decrease) in Consumer Deposits	546,126	2,291,881	546,126	2,291,881
Increase/(Decrease) in Provisions	2,581,055	(15,783,925)	2,581,055	(15,783,925)
Increase/(Decrease) in Payables	(81,653,486)	234,953,996	(93,934,645)	242,449,258
Increase/(Decrease) in Conditional Grants and Receipts	78,195,056	76,628,559	78,195,056	76,628,559
<b>Cash generated by / (utilised in) Operations</b>	<b>488,330,754</b>	<b>677,121,121</b>	<b>503,492,542</b>	<b>718,440,492</b>
<b>40 FINANCING FACILITIES</b>				
<b>41 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>				
<b>41.1 Unauthorised Expenditure</b>				
Reconciliation of Unauthorised Expenditure:				
Opening balance	1,063,936,181	449,811,217	1,063,936,181	449,811,217
Unauthorised Expenditure current year	51,165,847	614,124,964	51,165,847	614,124,964
Approved by Council or condoned	-	-	-	-
Unauthorised Expenditure awaiting authorisation	<b>1,115,102,028</b>	<b>1,063,936,181</b>	<b>1,115,102,028</b>	<b>1,063,936,181</b>
Employee Related Costs	29,392,712	15,334,952	29,392,712	15,334,952
Collection Costs	-	10,952	-	10,952
Depreciation and Amortisation	-	293,661,316	-	293,661,316
Finance Costs	-	2,718,952	-	2,718,952
General Expenses	21,217,341	302,398,792	21,217,341	302,398,792
Impairment	499,194	-	499,194	-
Remuneration of Councillors	56,600	-	56,600	-
<b>Total Current year unauthorised expenditure</b>	<b>51,165,847</b>	<b>614,124,964</b>	<b>51,165,847</b>	<b>614,124,964</b>

#### 41.2 Irregular Expenditure

Reconciliation of Irregular Expenditure:

Opening balance	168,670,613	73,466,505	168,670,613	73,466,505
Irregular Expenditure current year	69,768,390	95,204,108	69,768,390	95,204,108
Condoned or written off by Council	-	-	-	-
Irregular Expenditure awaiting condonement	-	-	-	-
	<b>238,439,003</b>	<b>168,670,613</b>	<b>238,439,003</b>	<b>168,670,613</b>

#### 42 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

##### 42.1 Contributions to organised local government - SALGA

Opening Balance	-	-	-	-
Council Subscriptions	4,340,378	-	4,340,378	-
Amount Paid - current year	(4,340,378)	-	(4,340,378)	-
Amount Paid - previous years	-	-	-	-
<b>Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

##### 42.2 Audit Fees

Opening Balance	-	-	-	-
Current year Audit Fee	14,954,277	4,828,446	14,954,277	4,828,446
Amount Paid - current year	(14,954,277)	(4,828,446)	(14,954,277)	(4,828,446)
Amount Paid - previous years	-	-	-	-
<b>Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The following Councillors had arrear accounts outstanding for more than 90 days as at:

##### 30 June 2013

	Outstanding up to 90 days	Outstanding more than 90 days	Outstanding up to 90 days	Outstanding more than 90 days
CLR MMOLOTSI C N	30,397.01	30,397	30,397.01	30,397
CLR TLHAPI PERCY	92,879.11	90,622	92,879.11	90,622
PHISTUS				
CLR WILLEMSE M	69,803.11	67,161	69,803.11	67,161
CLR SEGAL M	28,516.56	28,012	28,516.56	28,012
CLR SEGAL M	790.31	886	790.31	886
CLR OMARJEE M	18,631.22	18,315	18,631.22	18,315
CLR COETZEE D	47,185.06	46,548	47,185.06	46,548
CLR MOSOME PAKI	58,341.94	57,873	58,341.94	57,873
DAVID				
CLR MOKOWE NE	15,960.26	16,811	15,960.26	16,811
CLR BOTHOMANE POGISO	96,339.62	95,200	96,339.62	95,200
(Mr)				
CLR MOLATLHEGI PAKO	65,064.92	64,397	65,064.92	64,397
RUEBEN (Mr)				
CLR MZIZI J	18,114.66	17,790	18,114.66	17,790
CLR SERONGOANE PH				
CLR SEPOTOKELE M	3,135.81	4,032	3,135.81	4,032
CLR MAKOPOTIEHO	38,587.10	37,618	38,587.10	37,618
CLR VOSLOO JM (Mr)	285.26	571	285.26	571
CLR MASHISHI-NTSIME JI	9,588.78	10,346	9,588.78	10,346
(Me)				
CLR DLUNGE WELCOME		42,975		42,975
CLR MOTLHASEDI ROSINAH	17,331.31	17,492	17,331.31	17,492
KGOMOTSO (Me)				
CLR MATABOGE AL (Mr)		3,448		3,448
DIBETSO-NYATHI		15,069		15,069
NTEBALENG JEANNETE				
CLR POOPEDI J M	10,829.23	10,936	10,829.23	10,936
CLR MALAN A	-	-	-	-
CLR MASILO Q S	484.33	859	484.33	859
CLR SERITENG SHIMANE DANIEL (Mr)	10,331.21	13,979	10,331.21	13,979
<b>Total Councillor Arrear Consumer Accounts</b>	<b>632,597</b>	<b>691,337</b>	<b>632,597</b>	<b>691,337</b>

30 June 2014	Outstanding up to 90 days	Outstanding more than 90 days	Outstanding up to 90 days	Outstanding more than 90 days
CLR BOTHOMANE POGISO (Mr)	1,514	108,495	1,514	108,495
CLR COETZEE D	559	15,503	559	15,503
CLR DLUNGE WELCOME	710	48,867	710	48,867
CLR DU PLESSIS GERT JACOBUS (Mr)	3,113	-	3,113	-
CLR LOMBAARD A	1,535	500	1,535	500
CLR MAKOPO TIEHO	346	49,539	346	49,539
CLR MALAN A	206	-	206	-
CLR MASHISHI-NTSIMEJI (Me)	100	5,378	100	5,378
CLR MASILO Q S	175	1,313	175	1,313
CLR MMOLOTSI C N	640	35,038	640	35,038
CLR MOKOWE NE	500	4,902	500	4,902
CLR MOLATLHEGI PAKO RUEBEN (Mr)	521	72,694	521	72,694
CLR MOSOME PAKAKI DAVID	938	67,433	938	67,433
CLR MOTLHASEDI ROSINAH KGOMOTSO (Me)	100	18,558	100	18,558
CLR MOTSHEGWWE SANAH MMULE (Me)	382	1,167	382	1,167
CLR MTYOTYWAEALANE BARNAD	960	83,275	960	83,275
CLR MZIZI J	458	24,070	458	24,070
CLR POOPEDI J M	334	44,917	334	44,917
CLR SEGAE M	92	29,402	92	29,402
CLR SEGAE B (Mr)	841	1,900	841	1,900
CLR SEPOTKELE M	12	2,056	12	2,056
CLR SERONGOANE PH	338	5,207	338	5,207
CLR TLHAPI PERCY PHISTUS	974	101,928	974	101,928
CLR TSAMAI Agnes (Me)	1,283	-	1,283	-
CLR VOSLOO JM (Mr)	88	261	88	261
CLR VOSLOO JM (Mr)	310	944	310	944
CLR VOSLOO JM (Mr)	902	2,674	902	2,674
CLR WILLEMSE M	1,404	75,771	1,404	75,771
	<b>19,334</b>	<b>801,792</b>	<b>19,334</b>	<b>801,792</b>
<b>42.9 Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA</b>	<b>2,014</b>	<b>2013</b>	<b>2,014</b>	<b>2013</b>
Material Electricity and Water Losses were as follows and are not recoverable:	R	R	R	R
<b>Electricity:</b>	<b>units (kWh)</b>	<b>units (kWh)</b>	<b>units (kWh)</b>	<b>units (kWh)</b>
Purchased during the year	2,001,962,040	908,809,122	2,001,962,040	908,809,122
Sold during the year	(1,837,815,892)	(737,401,216)	(1,837,815,892)	(737,401,216)
Unaccounted	164,146,148	171,407,906	164,146,148	171,407,906
Normal distribution losses - % of electricity purchases				
Loss	<b>164,146,148</b>	<b>171,407,906</b>	<b>164,146,148</b>	<b>171,407,906</b>
Loss %	8%	18.86%	8%	18.86%
Loss (R): At Cost	<b>101,282,899</b>	<b>92,765,959</b>	<b>101,282,899</b>	<b>92,765,959</b>
Electricity Losses occur due to <i>inter alia</i> , the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections. The municipality is currently busy with an audit of bulk meters to find faulty meters and repair them. The problem with tampered meters and illegal connections is an on-going process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported.				
<b>Water:</b>	<b>Units (kl)</b>	<b>Units (kl)</b>	<b>Units (kl)</b>	<b>Units (kl)</b>
Loss: Units	24,045,632	13,472,140	24,045,632	13,472,140
Tariff	5,3675	4,9222	5,3675	4,9222
<b>Loss (R): At Cost</b>	<b>#####</b>	<b>66,312,568</b>	<b>#####</b>	<b>66,312,568</b>
Loss %	56%			
Water Losses occur due to <i>inter alia</i> , leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The municipality is currently busy with an audit of bulk meters to find faulty meters and repair them. The problem with tampered meters and illegal connections is an on-going process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repared as soon as they are reported.				
<b>43 COMMITMENTS FOR EXPENDITURE</b>				
<b>43.1 Capital Commitments</b>				
Commitments in respect of Capital Expenditure:				
<b>- Approved and Contracted for:-</b>				
Infrastructure	1,053,672,245	1,439,617,255	1,053,672,245	1,439,617,255
Community	6,691,496	8,352,321	6,691,496	8,352,321
Concrete slab	-	-	4,460,660	-
Investment Properties	-	-	1,647,761	-
<b>Total Commitments</b>	<b>1,060,363,741</b>	<b>1,447,969,576</b>	<b>1,066,472,162</b>	<b>1,447,969,576</b>
This expenditure will be financed from:				
External Loans				
Capital Replacement Reserve				
Government Grants				
	<b>1,060,363,741</b>	<b>1,447,969,576</b>	<b>1,066,472,162</b>	<b>1,447,969,576</b>

		2014 R	2013 R	2014 R	Group 2013 R
<b>43.3 Lease Commitments</b>					
Finance Lease Liabilities are disclosed in Note 19.					
<b>44 FINANCIAL INSTRUMENTS</b>					
<b>44.1 Classification</b>					
Optional to disclose detail.					
<b>FINANCIAL ASSETS:</b>					
In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:					
	<b>Financial Assets</b>				
	<b>Classification</b>				
<b>Non-current Investments</b>					
Listed Investments	Amortised cost	819,484	610,466	819,484	610,466
Fixed Deposits	Amortised cost	349,349,481	602,691,950	349,349,481	602,691,950
<b>Finance Lease Receivables</b>					
Housing Selling Scheme Loans	Amortised cost				
Other Finance Leases	Amortised cost	2,639,960	2,639,960	2,639,960	2,639,960
<b>Receivables from Exchange Transactions</b>					
Electricity	Amortised cost	263,968,460	109,789,352	263,968,460	109,789,352
Refuse	Amortised cost	34,150,490	33,667,483	34,150,490	33,667,483
Sewerage	Amortised cost	29,468,654	28,562,739	29,468,654	28,562,739
Water	Amortised cost	117,791,018	120,457,191	117,791,018	120,457,191
Other Receivables	Amortised cost	38,757,637	117,726,488	38,757,637	117,726,488
<b>Receivables from Non-exchange Transactions</b>					
Assessment Rates Debtors	Amortised cost	47,533,361	41,234,829	47,533,361	41,234,829
Payments made in Advance	Amortised cost	3,001,566	3,001,566	3,001,566	3,001,566
Short-term Loans	Amortised cost	2,144,620	2,144,620	2,144,620	2,144,620
Sundry Debtors	Amortised cost	22,008,695	73,117,207	22,008,695	73,117,207
Insurance Claims	Amortised cost	238,829	238,829	238,829	238,829
<b>Cash and Cash Equivalents</b>					
Call Deposits	Fair value	67,402,105	46,397,311		46,397,311
Notice Deposits	Amortised cost	281,947,399	556,294,639		556,294,639
Short-term Portion of Investments	Amortised cost	349,349,481	602,691,950	349,349,481	602,691,950
Bank Balances	Fair value	75,603,191	52,126,414		52,126,414
Cash Floats and Advances	Fair value	12,800	12,800		12,800
<b>Current Portion of Long-term Receivables</b>					
Other Finance Leases	Amortised cost	(31,850)	(31,850)	(31,850)	(31,850)
<b>SUMMARY OF FINANCIAL ASSETS</b>					
<b>Financial Assets at Amortised Cost:</b>					
Non-current Investments	Listed Investments	819,484	610,466	819,484	610,466
Non-current Investments	Fixed Deposits	349,349,481	602,691,950	349,349,481	602,691,950
Finance Lease Receivables	Housing Selling Scheme Loans				
Finance Lease Receivables	Other Finance Leases	2,639,960	2,639,960	2,639,960	2,639,960
Receivables from Exchange Transactions	Electricity	263,968,460	109,789,352	263,968,460	109,789,352
Receivables from Exchange Transactions	Refuse	34,150,490	33,667,483	34,150,490	33,667,483
Receivables from Exchange Transactions	Sewerage	29,468,654	28,562,739	29,468,654	28,562,739
Receivables from Exchange Transactions	Water	117,791,018	120,457,191	117,791,018	120,457,191
Receivables from Exchange Transactions	Other Debtors	38,757,637	117,726,488	38,757,637	117,726,488
Receivables from Non-exchange Transactions	Assessment Rates Debtors	47,533,361	41,234,829	47,533,361	41,234,829
Receivables from Non-exchange Transactions	Payments made in Advance	3,001,566	3,001,566	3,001,566	3,001,566
Receivables from Non-exchange Transactions	Short-term Loans	2,144,620	2,144,620	2,144,620	2,144,620
Receivables from Non-exchange Transactions	Sundry Debtors	22,008,695	73,117,207	22,008,695	73,117,207
Receivables from Non-exchange Transactions	Insurance Claims	238,829	238,829	238,829	238,829
Current Portion of Long-term Receivables	Other Finance Leases	(31,850)	(31,850)	(31,850)	(31,850)
Cash and Cash Equivalents	Notice Deposits	281,947,399	556,294,639		556,294,639
Cash and Cash Equivalents	Short-term Portion of Investments	349,349,481	(602,691,950)	349,349,481	(602,691,950)
		<u>1,565,887,226</u>	<u>1,089,453,518</u>	<u>1,283,939,827</u>	<u>1,089,453,518</u>

<b>Financial Assets at Fair Value:</b>				
Cash and Cash Equivalents	Call Deposits	67,402,105	46,397,311	46,397,311
Cash and Cash Equivalents	Bank Balances	75,603,191	52,126,414	52,126,414
Cash and Cash Equivalents	Cash Floats and Advances	12,800	12,800	12,800
		<u>143,018,096</u>	<u>98,536,525</u>	<u>98,536,525</u>
<b>Total Financial Assets</b>		<b><u>1,708,905,322</u></b>	<b><u>1,187,990,043</u></b>	<b><u>1,283,939,827</u></b>
<b>FINANCIAL LIABILITIES:</b>				
In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:				
		2014	2013	Group
		R	R	R
<b>Financial Liabilities</b>	<b>Classification</b>			
<b>Long-term Liabilities</b>				
Finance Lease Liabilities	Amortised cost			
Other Loans	Amortised cost		76,091,404	76,091,404
<b>Payables</b>				
Trade Creditors	Amortised cost	232,741,502	376,572,094	219,121,828
Payments received in Advance	Fair value	67,157,888	53,740,477	67,157,888
Retentions	Amortised cost	50,151,674	21,984,836	50,151,674
Staff Leave Accrued	Amortised cost	20,975,061	23,815,929	20,975,061
Staff Salaries	Amortised cost			
Sundry Deposits	Amortised cost	9,173,066	9,022,545	9,173,066
Other Creditors	Amortised cost	82,484,602	58,802,359	82,484,602
<b>SUMMARY OF FINANCIAL LIABILITIES</b>				
<b>Financial Liabilities at Amortised Cost:</b>				
Long-term Liabilities	Finance Lease Liabilities			
Long-term Liabilities	Other Loans		76,091,404	76,091,404
Payables	Trade Creditors	232,741,502	376,572,094	219,121,828
Payables	Retentions	67,157,888	21,984,836	67,157,888
Payables	Staff Leave Accrued	50,151,674	23,815,929	50,151,674
Payables	Staff Salaries			
Payables	Sundry Deposits	9,173,066	9,022,545	9,173,066
Payables	Other Creditors	82,484,602	58,802,359	82,484,602
Current Portion of Long-term Liabilities	Finance Lease Liabilities	1,516,949	1,516,949	1,516,949
Current Portion of Long-term Liabilities	Other Loans	7,857,004	7,857,004	7,857,004
		<u>451,082,686</u>	<u>575,663,121</u>	<u>437,463,012</u>
<b>Financial Liabilities at Fair Value:</b>				
Payables	Payments received in Advance	67,157,888	53,740,477	67,157,888
		<u>67,157,888</u>	<u>53,740,477</u>	<u>67,157,888</u>
<b>Total Financial Liabilities</b>		<b><u>518,240,573</u></b>	<b><u>629,403,598</u></b>	<b><u>504,620,899</u></b>
<b>44.2 Fair Value</b>				
The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:				
<b>Cash and Short-term Investments</b>				
The carrying amount approximates the Fair Value because of the short maturity of these instruments.				
<b>Long-term Investments</b>				
The Fair Value of some Investments are estimated based on quoted market prices of those or similar investments. Unlisted Equity Investments are estimated using the discounted cash flow method.				
<b>Loan Receivables/Payables</b>				
Interest-bearing Borrowings and Receivables are generally at interest rates in line with those currently available in the market on a floating-rate basis, and therefore the Fair Value of these Financial Assets and Liabilities closely approximates their carrying values. Fixed interest-rate instruments are fair valued based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.				
<b>Trade and Other Receivables/Payables</b>				
The Fair Value of Trade and Other Payables is estimated at the present value of future cash flows.				
The management of the municipality is of the opinion that the carrying value of Trade and Other Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values. The Fair Value of Trade Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratio's of the municipality's debtors.				
<b>Other Financial Assets and Liabilities</b>				
The Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.				
<b>Long-term Liabilities</b>				
The Fair Value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.				
Management considers the carrying amounts of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements to approximate their Fair Values on 30 June 2014, as a result of the short-term maturity of these assets and liabilities.				
The Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:				

	30 June 2013 Carrying Amount R	30 June 2014 Carrying Amount R	Fair Value R	30 June 2014 Carrying Amount R	Fair Value R
<b>FINANCIAL ASSETS</b>					
<b>Measured at Amortised Cost:</b>	1,086,203,093	1,563,247,267		1,281,299,867	
Listed Investments	610,466	819,484		819,484	
Municipal Stock	-	-		-	
Fixed Deposits	602,691,950	349,349,481	349,349,481	349,349,481	349,349,481
Notice Deposits	556,294,639	281,947,399	281,947,399		
Short-term Portion of Investments	(602,691,950)	349,349,481	349,349,481	349,349,481	349,349,481
Trade Receivables from Exchange Transactions	410,203,253	484,136,259	484,136,259	484,136,259	484,136,259
Trade Receivables from Non-exchange Transactions	119,737,051	97,677,012	97,677,012	97,677,012	97,677,012
Current Portion of Long-term Receivables	(31,850)	(31,850)	(31,850)	(31,850)	(31,850)
<b>Measured at Fair Value</b>	98,536,525	143,018,096	143,018,096		
Call Deposits	46,397,311	67,402,105	67,402,105		
Bank Balances and Cash	52,139,214	75,615,991	75,615,991		
<b>Total Financial Assets</b>	<b>1,184,739,617</b>	<b>1,706,265,362</b>	<b>143,018,096</b>	<b>1,281,299,867</b>	
<b>FINANCIAL LIABILITIES</b>					
<b>Measured at Amortised Cost:</b>	575,663,121	451,082,686	451,082,686	437,463,012	437,463,012
Finance Lease Liabilities	-	-	-	-	-
Other Loans	76,091,404				
Trade and Other Payables:					
- Creditors	490,197,764	441,708,733	441,708,733	428,089,059	428,089,059
- Short-term Loans	-	-	-	-	-
- Current Portion of Long-term Liabilities	9,373,953	9,373,953	9,373,953	9,373,953	9,373,953
<b>Measured at Fair Value</b>	53,740,477	67,157,888	67,157,888	67,157,888	67,157,888
Payments Received in Advance	53,740,477	67,157,888	67,157,888	67,157,888	67,157,888
Bank Overdraft	-	-	-	-	-
<b>Total Financial Liabilities</b>	<b>629,403,598</b>	<b>518,240,573</b>	<b>518,240,573</b>	<b>504,620,899</b>	<b>504,620,899</b>
<b>Total Financial Instruments</b>	<b>555,336,019</b>	<b>1,188,024,789</b>	<b>(375,222,478)</b>	<b>776,678,968</b>	<b>(504,620,899)</b>
<b>Unrecognised Gain / (Loss)</b>			<b>(1,563,247,267)</b>		<b>(1,281,299,867)</b>
No Financial Instruments of the municipality have been reclassified during the year.					
<b>Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities</b>					
The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:					
Level 1:-					
Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.					
Level 2:-					
Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market					
Level 3:-					
Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.					



#### 44.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2011.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 7, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 16 and the Statement of Changes in Net Assets.

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 20 and the Statement of Changes in Net Assets.

##### Gearing Ratio

The gearing ratio at the year-end was as follows:

	2014 R	2013 R	2014 R	2013 R
Debt	260,810,914	85,465,357	439,456,744	9,373,953
Cash and Cash Equivalents	(75,615,991)	(52,139,214)		(75,615,991)
Net Debt	185,194,923	33,326,143	439,456,744	(66,242,038)
Equity	6,783,809,999	6,855,469,600	7,041,082,936	7,078,999,055
Net debt to equity ratio	3%	0.49%	6%	-0.94%

Debt is defined as Long- and Short-term Liabilities

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial

#### 44.4 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The municipality's Finance department provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the municipality through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest. Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department of Finance monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Risk management policies and systems are reviewed regularly to reflect changes to market conditions and the municipality's activities, and compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

#### 44.5 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

**Market Risk**

The municipality's activities expose it primarily to the financial risks of changes in interest rates. No formal policy exists to hedge volatilities in the interest rate market.

**Credit Risk**

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

**Liquidity Risk**

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timely basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

**44.6 Market Risk**

The municipality's activities expose it primarily to the financial risks of changes in interest rates. No formal policy exists to hedge volatilities in the interest rate market.

Market risk exposures are measured using value-at-risk (VaR) and are supplemented by sensitivity analysis.

The municipality's activities expose it primarily to the financial risks of changes in interest rates. No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

**44.6.1 Foreign Currency Risk Management**

The municipality undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

**44.6.2 Interest Rate Risk Management**

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Financial Assets and Liabilities that are sensitive to interest rate risk are cash and cash equivalents, investments, and loan payables. The municipality is not exposed to interest rate risk on these financial instruments as the rates applicable are fixed interest rates.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, other debtors, bank and cash

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. No investment with a tenure exceeding twelve months shall be made.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy. Consumer Deposits are increased accordingly.

The municipality is not exposed to interest rate risk as the municipality borrows funds at fixed interest rates.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

**44.7 Credit Risk Management**

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored

Potential concentrations of credit rate risk consist mainly of fixed deposit investments, long-term receivables, other debtors, bank and cash balances.

**Investments/Bank, Cash and Cash Equivalents**

Refer to <http://www.fidfund.co.za/banking-options/bank-credit-ratings/> for the most updated ratings.

The municipality limits its counterparty exposures from its short-term investments (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions short term credit rating of BBB and long-term credit rating of AA- and higher at an International accredited credit rating agency. The municipality's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst different types of approved investments and institutions, in accordance with its investment policy. Consequently, the municipality is not exposed to any significant credit risk. The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the Chief Financial Officer and authorised by the Council.

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

**Trade and Other Receivables**

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an on-going basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates, water and electricity services

Trade Receivables consist of a large number of customers, spread across diverse industries in the geographical area of the municipality. Periodic credit evaluation is performed on the financial condition of accounts receivable and where appropriate, credit guarantee is increased accordingly. Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas within the jurisdiction of the municipality. On-going credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- The application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property;
- A new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount;
- The consolidation of rates and service accounts, enabling the disconnecting services for the non-payment of any of the individual debts, in terms of section 102 of the MSA;
- The requirement of a deposit for new service connections, serving as guarantee and are reviewed annually;
- Encouraging residents to install water management devices that control water flow to households, and/or prepaid electricity meters.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 5% of gross monetary assets at any time during the year. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

	2014 R	2013 R	2014 R	2013 R
Fixed Deposit Investments		495,780		495,780
Finance Lease Receivable	2,622,751	2,622,751	2,622,751	2,622,751
Consumer Debtors	24,836,846	1,551,282,607		1,551,282,607
Other Debtors	11,225,314	227,552,482		227,552,482
Bank, Cash and Cash Equivalents	654,680,130	916,552,791		916,552,791
<b>Maximum Credit and Interest Risk Exposure</b>	<b>693,365,041</b>	<b>2,698,506,410</b>	<b>2,622,751</b>	<b>2,698,506,410</b>

## RUSTENBURG LOCAL MUNICIPALITY

### CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### 44 FINANCIAL INSTRUMENTS (Continued)

##### 44.8 Effective Interest Rates and Repricing Analysis

In accordance with IAS 32.67(a) and (b) the following tables indicate the average effective interest rates of Income-earning Financial Assets and Interest-bearing Financial Liabilities at the reporting date and the periods in which they mature or, if earlier, reprice:

30 June 2013

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
<b>VARIABLE RATE INSTRUMENTS</b>								
Short-term Investment Deposits	7		602,540,916	494,841,970	-	-	-	-
Bank Balances and Cash	7		(602,528,116)	47,127,950	-	-	-	-
<b>Total Fixed Rate Instruments</b>			<b>12,800</b>	<b>541,969,920</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

30 June 2014

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
<b>VARIABLE RATE INSTRUMENTS</b>	#	%	R	R	R	R		R
Short-term Investment Deposits	7		349,362,619	-	-	-	-	-
Bank Balances and Cash	7		(349,349,819)	-	-	-	-	-
<b>Total Fixed Rate Instruments</b>			<b>12,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

##### 44.9 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

#### 45 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

All councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

The Municipal Councillors Fund and the Municipal Gratuity Fund are defined contribution plans. All of these afore-mentioned funds are multi-employer plans. Sufficient information is not available to use

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

##### **Municipal Councillors Pension Fund:**

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

##### **Municipal Joint Pension Fund:**

Municipal Joint Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (7,5%) and Council (22,00%) is sufficient to fund the benefits accruing from the fund in the future.

##### **National Fund for Municipal Workers - Pension Fund:**

National Fund for Municipal Workers operates as a defined contribution scheme. The contribution rate paid by the members (7,5%) and Council (22,00%) is sufficient to fund the benefits accruing from the fund in the future.

##### **Municipal Employees Pension Fund:**

The Municipal Employees Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (7,5%) and Council (22,00%) is sufficient to fund the benefits accruing from the fund in the future.

##### **Municipal Gratuity Fund:**

#### 46 RELATED PARTY TRANSACTIONS

##### **46.1 Services rendered to Related Parties**

Transactions with key management personnel

Due to the nature of the municipality, there are services provided to some of the key management personnel however they are provided at municipal approved rates applicable to all members of the public.

	Rates Charges R	Service Charges R	Sundry Charges R	Total R
For the Year ended 30 June 2013				
Councillors	22,545	644,938	-	667,483
Municipal Manager and Section 57 Personnel	18,636	-	-	18,636
Municipal Entities	-	-	-	-
Total Services	<b>41,181</b>	<b>644,938</b>	<b>-</b>	<b>686,119</b>
For the Year ended 30 June 2014				
Councillors	-	-	-	-
Municipal Manager and Section 57 Personnel	21,996	40,241	18,459	80,697
Municipal Entities	-	-	-	-
Total Services	<b>21,996</b>	<b>40,241</b>	<b>18,459</b>	<b>80,697</b>

##### **46.2 Loans granted to Related Parties**

	2014	2013
The loan reflect the outstanding balance due by RWST on the finance lease agreement	2,576,259	2,662,751

##### **46.3 Compensation of Related Parties**

Compensation of Key Management Personnel and Councillors is set out in Notes 29 and 30 respectively, to the Annual Financial Statements.

#### 45 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

All councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

The Municipal Councillors Fund and the Municipal Gratuity Fund are defined contribution plans. All of these afore-mentioned funds are

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.

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##### **Municipal Gratuity Fund:**

#### 46 RELATED PARTY TRANSACTIONS

##### **46.1 Services rendered to Related Parties**

Transactions with key management personnel

Due to the nature of the municipality, there are services provided to some of the key management personnel however they are provided at municipal approved rates applicable to all members of the public.

	<b>Rates Charges R</b>	<b>Service Charges R</b>	<b>Sundry Charges R</b>	<b>Total R</b>
For the Year ended 30 June 2013				
Councillors	22,545	644,938	-	667,483
Municipal Manager and Section 57 Personnel	18,636	-	-	18,636
Municipal Entities	-	-	-	-
Total Services	<b>41,181</b>	<b>644,938</b>	<b>-</b>	<b>686,119</b>
For the Year ended 30 June 2014				
Councillors	-	-	-	-
Municipal Manager and Section 57 Personnel	21,996	40,241	18,459	80,697
Municipal Entities	-	-	-	-
Total Services	<b>21,996</b>	<b>40,241</b>	<b>18,459</b>	<b>80,697</b>

##### **46.2 Loans granted to Related Parties**

	<b>2014</b>	<b>2013</b>
The loan reflect the outstanding balance due by RWST on the finance lease agreement	2,576,259	2,662,751

##### **46.3 Compensation of Related Parties**

Compensation of Key Management Personnel and Councillors is set out in Notes 29 and 30 respectively, to the Annual Financial Statements.

<b>46.4 Other Related Party Transactions</b>		
	<b>2014</b>	<b>2013</b>
<b>Municipal Entity / RLM</b>		
Water sales to RLM	89,170,407	76,156,085
Accounts Receivable	-31,394,269	(8,648,115)
Interest Paid	-286,143	(288,208)
The transactions between the Rustenburg Local Municipality and the Rustenburg Water Services Trust is classified as related party transaction. The nature of the relationship is that Rustenburg Local Municipality is the		
<b>RWST</b>		
Interest Received	6,494,284	5,537,669
Bank Charges	-17,602	-7,413
Interest paid on term loan	-26,200,135	-27,926,857
Term Loan	195,543,894	210,464,149
The transactions between ABSA Bank Limited and The Rustenburg Water Service Trust is classified as related party transactions. The nature of the relationship is that ABSA has the right to appoint one representative to the		
Rafat Khan	54,564	7,901
Obakeng Kutsoane	48,677	7,901
Katlego Ndlovu	-	12,722
Dr Pitsoe	15,330	18,412
Through its subsidiary, Rustenburg Consulting Consortium, Bigen Africa conducted the Engineering and Design work as well as Project Management for the Trust.		
Consulting fees	103,820	-
O & M Supervision	1,818,402	1,752,156
O & M Contract	419,071	-
Trade and Other Payables	1,816,231	212,877
	<b>2014</b>	<b>2013</b>
	<b>R</b>	<b>R</b>
<b>47 CONTINGENT LIABILITIES</b>		
<b>47.1 Bank Guarantees:</b>	<b>1,181,137</b>	<b>1,181,137</b>

These guarantees are issued in favour of the following:

- S A S en Hawens R 400	400	400
- Eskom Holdings Limited R 11 299	11,299	11,299
- Magalies Water R 1 169 438	1,169,438	1,169,438

#### 47.2 Court Proceedings:

##### 47.2 Court Proceedings: Contingent Liabilities

	<b>7,028,000.00</b>
(1) Payment dispute over water supply with Government pension fund Claim against RLM withdrawn by GEPE. Costs tendered to RLM	300,000.00
(2) Claim for alleged monies owed to Renaissance security This was claim was made with regards to outstanding payments that the municipality owes for service rendered. Claim has doubtful merits but matter still	800,000.00
(3) Claim for damages against the G4S Security for loss of an amount of R10 million collected from the vending m. The other party is prepared to settle the case at the amount of R 400 000. The RLM appears not to have a good case because presently there is no evidence to	300,000.00
Numerous requests were made for any proof to the contrary but nothing to date has been provided to the Attorneys thus: still awaiting trial.	
(4) Claim for Interdicting RLM to dispose or transfer of Erf 2252 Rustenburg Extension 9 by Xstrata South Africa. Matter settled and now awaiting transfer of land confirmation to R.L.M	400,000.00
(5) Claim by Absa Trust and others against RLM for wrongful Interpretation and Enforcement of Contract Parties are still exchanging pleadings.	250,000.00
(6) Claim for damages in the amount of R50, 000.00 for wrongful arrest and detention by Tsela Kotela Parties are still exchanging pleadings.	80,000.00
(7) Claim for damages by Telkom SA Limited Parties are still exchanging pleadings.	20,000.00
(31) Court Order for Eviction in terms of P.I.E. Act by OJS Fourie against R.L.M and 20 illegal occupants Matter settled and awaiting transfer of land and confirmation to R.L.M	400,000.00
(32) Application for re-connection of electricity by Fair distributors 9. Matter settled out of Court and to be closed	100,000.00
(46) Claim by Othusitse Rapoo against RLM alleging discrimination on the grounds of victimization We have already held a pre trial conference. We await an allocation of trial date	123,000.00
(47) Claim by Othusitse Rapoo against RLM alleging discrimination on the grounds of mental illness We have already held a pre trial conference. We await an allocation of trial date	110,000.00
(48) Claim by Othusitse Rapoo against RLM alleging Review application of the SALGBC's Award for dismissal of We have filed our answering affidavit, we are proceeding to file our heads of	115,000.00
(49) Claim by Unit Managers against RLM regarding a dispute over a notch increase Both parties have exchanged pleadings and the applicants will now have to make	100,000.00
paginating the court file and arranging for the matter to be set down for trial	
(50) Claim by Ramadikela against RLM regarding A review application to set aside an arbitration award of the CC The pleadings in the review application have been exchanged and the same has	30,000.00
happened in respect of an interlocutory application to strike out brought by Mr	
review application was scheduled for hearing on 13 June 2014 but was removed	
from the roll by his attorneys after he passed away	
(51) Claim by Mabetwa Enviro & Safari Guide against RLM regarding Breach of Agreement Removed from the roll	300,000.00
(52) Claim by Michael Sibongile Mabena for Vandalism to property (3 Vodacom Public Phones Containers) by Rustenburg Local Municipality (Traffic Officers) We were waiting for the complainant to issue summons if any, against the	80,000.00
Municipality. To date nothing has happened	
(53) Claim by Thomas Alexander Brough and Others against RLM for Demolishing We were waiting for the complainant to issue summons if any, against the	150,000.00
Municipality. To date nothing has happened	
(54) Claim by HN Engelbrecht against RLM for Damages of watermelons in the We have not received summons from the other side	20,000.00
(55) Claim for compensation for injuries sustained by Ben Loyd Molapo as a result of severe electric burns when the Plaintiff stepped on a fallen electric cable. Parties are still exchanging pleadings.	200,000.00
(56) Application for Review of the Council Resolution regarding the removal of all advertising gantries by Lesedi News CC The other side applied for trial date at the North West High Court, Mahikeng. Date	750,000.00
(58) Court order to Restrain RLM to interdict the construction of RRT Route at R510 road due to the allegations of the absence of the Water Use Licence as The applicant applied for Rule 35 (to inspect documents referred to in our papers).	300,000.00
(59) Declaratory Order to compel the Respondent (RLM) to comply with applicable legislation with regard the RRT Network	1,000,000.00
(60) Declaratory Order by KE Enterprises to compel the RLM to comply with applicable legislation with regard the RRT Network Interdict against RLM not to release the retention money to Mozadem Civils in	200,000.00
respect of Ikemeng water reticulation project	
(61) Declaratory Order by RLM to A Tayob Claim in the amount of R439 182-00 representing the outstanding amount for the Software provided by the Plaintiff	300,000.00
(62) Urgent Application by RLM against Simon Segone and others to interdict the Respondents from intimidating,	300,000.00
(63) Claim in the amount of R439 182-00 representing the outstanding amount for the Software provided by Uniso	300,000.00

##### RWST - Contingent

As reported in 2013, the Trust received a retrospective invoice from Magalies Water, the previous operator, amounting to R 17,5 mil, they have subsequently reduced their claim to R 11,0 mil. The Trust obtained a legal opinion on the matter which states that there is likely to be no liability to the Trust. Magalies approached National Treasury who indicated the steps to be followed by Magalies Water, should they wish to take the matter on arbitration. The Trust is waiting for Magalies to take the process forward, should they wish to do

## CONTINGENT ASSETS

### 47.3 Court Proceedings: Contingent Assets

	10,842,816.00
(8) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs MD Setae Parties are still exchanging pleadings.	8,000.00
(9) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs SD Tshose Parties are still exchanging pleadings.	8,000.00
(10) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs BB Bosman Parties are still exchanging pleadings.	8,000.00
(11) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs LP Dube Parties are still exchanging pleadings.	8,000.00
(12) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs JA Jonker Parties are still exchanging pleadings.	8,000.00
(13) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs AK Kgopane Parties are still exchanging pleadings.	8,000.00
(14) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs MC Maponyane Parties are still exchanging pleadings.	8,000.00
(15) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs LF Moagi Parties are still exchanging pleadings.	8,000.00
(16) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs M Moonsammy Parties are still exchanging pleadings.	8,000.00
(17) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs DB Mpofo Parties are still exchanging pleadings.	8,000.00
(18) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs OW Phoi Parties are still exchanging pleadings.	8,000.00
(19) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs GT Seakatsie Parties are still exchanging pleadings.	8,000.00
(20) Claim to recover the amount of R161 000-00 previously paid to the Receiver of Revenue in respect of the initial transfer of the property from the RLM to the A Power of Attorney was drafted and it was sent to Theron Jordaan & Smit Attorneys in Klerksdorp to do the necessary.	45,000.00
(21) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs E Molefe Judgment was granted and we await Warrant of Execution from Sheriff	45,000.00
(22) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs VN Myoli Decision was taken not to proceed with the Exceptions and that the matter will be set down for trial. Discovery Notice was filed and awaiting trial date.	45,000.00
(23) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs RR Pieterse Judgment was granted and we await Warrant of Execution from Sheriff	45,000.00
(24) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs NR Adams Decision was taken not to proceed with the Exceptions and that the matter will be set down for trial. Discovery Notice was filed and awaiting trial date.	45,000.00
(25) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs JC Eyman Judgment was granted and we await Warrant of Execution from Sheriff	45,000.00
(26) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs EM Gierke Decision was taken not to proceed with the Exceptions and that the matter will be set down for trial. Discovery Notice was filed and awaiting trial date.	45,000.00
(27) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs KM Kgosana Judgment was granted on 19 February 2013; awaiting Warrant of Execution from	45,000.00
(28) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs M Kruger Judgment was granted; awaiting Warrant of Execution from Sheriff	45,000.00
(29) Court order collection of arrears owing and for eviction by RLM against Mr and Mrs LM Lekotoane Judgment was granted; awaiting Warrant of Execution from Sheriff	45,000.00
(30) Action against IBD for declaring the sale agreement of land invalid and return of purchase price – High Court	10,000,000.00
(33) Court order for eviction by RLM against Martin Van Wyk at Amberboom Awaiting Sheriff's return of service.	9,300.00
(34) Court order for eviction by RLM against Moses Morakeng at Amberboom Debtor settled arrears	10,101.00
(35) Court order for eviction by RLM against Ntiale Mafora at Amberboom Awaiting Sheriff's return of service and Warrant of Execution and Eviction	9,760.00
(36) Court order for eviction by RLM against Lebang Otletse at Amberboom Matter settled before the tribunal and debtor to make payment	9,900.00
(37) Court order for eviction by RLM against CR Cole at Amberboom Awaiting Sheriff's return of service and Warrant of Execution and Eviction	2,900.00
(38) Court order for eviction by RLM against J Ferris at Amberboom Debtor settled arrears	2,850.00
(39) Court order for eviction by RLM against ND Khunou at Amberboom Awaiting Sheriff's return of service.	10,700.00
(40) Court order for eviction by RLM against JM Van Zyl at Amberboom Awaiting Sheriff's return of service.	3,380.00
(41) Court order for eviction by RLM against Tlolang at Amberboom Awaiting Sheriff's return of service.	8,900.00
(42) Court order for eviction by RLM against PM Janse Van Rensburg at Amberboom Awaiting Sheriff's return of service.	2,750.00
(43) Court order for eviction by RLM against Gracy Chauke at Amberboom Awaiting Sheriff's return of service.	9,450.00
(44) Court order for eviction by RLM against S Sedile at Amberboom Awaiting Sheriff's return of service.	9,625.00
(44) Court order for eviction by RLM against Dikeledi Morudi at Amberboom Awaiting Sheriff's return of service.	7,200.00
(57) Court order to Restrain the operation of illegal tavern and/or demolition of illegal structure by RLM against Randy's Tavern Matter removed from the court roll.	200,000.00



**47.4 Landfill Sites:**

The municipality does not have permits for the following landfill sites:

- Bethanie
- Lethabong
- Marikana
- Monnaka
- Phatsima

The municipality might be fined and penalised for operating unlicensed landfill sites by the Department of Environmental Affairs. However, municipality could not reliably estimate the probable fine that might be incurred as there are no known similar cases against other

**IN-KIND DONATIONS AND ASSISTANCE**

The municipality received the following in-kind donations and assistance:

(i) Secondment of SAICA trainees		
(ii) School of excellence	600,000.00	-
(iii) Saturday school - ABSA	150,000.00	-
(iv) Saturday school - Standard Bank	200,000.00	-

**PRIVATE PUBLIC PARTNERSHIPS**

The municipality was not a party to any Private Public Partnerships during the year

**EVENTS AFTER THE REPORTING DATE**

No material events occurred with respect to the 2013/2014 financial year end after the date of

**COMPARATIVE FIGURES**

The comparative figures were restated as a result of the effect of Prior Period

**RUSTENBURG LOCAL MUNICIPALITY**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**49 BUDGET INFORMATION**

**49.1 Budgetary basis and period**

The budget was prepared and presented on accrual basis in line with the accrual basis of accounting in the financial statements.  
The budget was prepared for an annual period which is similar to the financial period of municipalities i.e. 1 July to 30 June.

**49.2 Changes from approved to final budget**

Changes from approved to final budget are due to reallocations within the budget and additional funding received which was not budgeted for.

**49.3 Explanation of material variances**

Rustenburg Local Municipality:

Description	2013/14 Actual R	2013/14 Budget R	2013/14 Variance R	2013/14 Variance %	Explanation of Material Variances greater than 10% versus Budget
<b>REVENUE</b>					
Fines	37,793,658	13,854,409	23,939,249	172.79	Revenue from illegal dumping not realized
Licences and Permits	9,812,782	11,819,215	(2,006,433)	(16.98)	Under collection as anticipated
Government Grants and Subsidies	1,116,300,305	1,432,487,733	(316,187,428)	(22.07)	Includes Capital budget revenue
Service Charges	1,853,885,430	2,331,578,769	(477,693,339)	(20.49)	Reduction in mining activities during strikes
Rental of Facilities and Equipment	6,440,323	15,364,052	(8,923,729)	(58.08)	Mainly due to free use of facilities non tariff increases
Interest Earned - External investments	27,859,662	29,977,000	(2,117,338)	(7.06)	Bulk unspent conditional grants invested
Interest Earned - Outstanding debtors	112,994,345	125,090,456	(12,096,111)	(9.67)	Rectification of 2012/13 audit query on interest calculation
Other Income	88,459,337	40,681,976	47,777,361	117.44	Various small line items grouped together
Gains on Disposal of Property, Plant and Equipment	10,459,667	30,071,607	(19,611,940)	(65.22)	Local economic conditions melt down
<b>EXPENDITURE</b>					
Employee Related Costs	513,569,712	487,486,905	26,082,808	5.35	Actuarial valuation and unauthorised expenditure under investigation
Remuneration of Councillors	27,238,004	27,181,404	56,600	0.21	
Depreciation	356,115,190	403,192,363	(47,077,173)	(11.68)	Due to year end depreciation calculation
Impairment Losses	460,071,175	205,000,000	255,071,175	-	
Repairs and Maintenance	158,837,665	172,016,862	(13,179,017)	(7.66)	
Interest Paid	15,719,288	50,571,000	(34,851,712)	(68.92)	Acquisition of loan delayed. Repayments will impact on 2014/15
Bulk Purchases	1,463,276,122	1,680,850,171	(217,574,049)	(12.94)	Reduction in mining activities during strikes
Contracted Services	269,098,898	296,735,376	(27,636,478)	(9.31)	
Grants and Subsidies Paid	499,194	-	499,194	-	
General Expenses	245,645,644	238,566,160	7,079,484	2.97	

Rustenburg Water Services Trust

Description	2013/14 Actual R	2013/14 Budget R	2013/14 Variance R	2013/14 Variance %	Explanation of Material Variances greater than 10% versus Budget
<b>REVENUE</b>					
Sales: RLM	90,443,502	82,623,751	7,819,751	9.46	Acceptable, volume related - more water received than budgeted
Sales: Mines	43,829,616	42,957,288	872,328	2.03	Acceptable, more taken by mines than the offtake volumes
<b>COST OF SALES</b>					
Rustenburg WWTW	24,665,905	21,681,476	(2,984,429)	-13.76	24% more water was treated at this plant - expected, amend budget
Boitekong WWTW	7,174,441	6,791,398	(383,043)	-5.64	14% more water was treated at this plant - expected, amend budget
Bospoort WTW	11,684,130	10,492,591	(1,191,539)	-11.36	26% more water was treated at this plant. DWA cost - amend budget
Kloof WTW	579,831	586,329	6,498	1.11	Acceptable
Monakato WWTW	608,221	619,598	11,377	1.84	Acceptable
Lathabong WWTW	633,465	647,655	14,190	2.19	Acceptable
Effluent monitoring	1,015,477	707,268	(308,209)	-43.58	More sampling performed on the industries
Operator overheads	2,603,493	2,660,898	57,405	2.16	Acceptable
<b>OTHER INCOME</b>					
Tender deposits received	12,800	0	12,800	100.00	Not controllable
Recovery of Anglo DAF expenses	1,075,507	0	1,075,507	100.00	Budget to be adjusted
Loss on disposal of fixed assets	(524,804)	0	(524,804)	100.00	
<b>EXPENDITURE</b>					
Administrator's remuneration	1,354,067	1,306,135	(47,932)	-3.67	More meetings than budgeted - acceptable
Advertising and marketing	13,493	44,404	30,911	69.61	Saving - Budget to be adjusted over
Auditors remuneration	214,263	348,832	134,569	38.58	No invoices received, provision made
Bank charges	17,602	60,000	42,398	70.66	Budget to be adjusted, minor amount
Consultants fees and Ad Hoc tasks	103,820	362,212	258,392	71.34	Saving, Acceptable
Depreciation	15,384,400	15,579,912	195,512	1.25	Acceptable
Impairment loss	188,893	0	(188,893)	-100.00	Uncontrollable item - Budget to be adjusted - aging plant
DWA Compliance	105,246	1,264,050	1,158,804	91.67	Acceptable, borehole done last year
GRAP 17 Compliance	197,559	195,000	(2,559)	-1.31	Acceptable
Insurance	768,039	742,242	(25,797)	-3.48	Due to revaluation in 2012
Legal fees	167,059	257,635	90,576	35.16	Saving
Repairs	10,677,563	10,100,000	(577,563)	-5.72	Uncontrollable item - Budget to be adjusted - aging plant
Trustees remuneration	118,571	116,122	(2,449)	-2.11	Acceptable
O & M Supervision	1,818,402	1,887,648	69,246	3.67	Acceptable
O & M Contract	419,071	421,350	2,279	0.54	Acceptable
Leasing charges	286,143	311,251	25,108	8.07	Budget to be reviewed
<b>Finance costs:</b>					
Interest received	6,494,284	7,678,263	(1,183,979)	-15.42	Budget to be reviewed
Interest paid	(26,200,135)	(26,200,135)	-	0.00	

**APPENDIX A**  
**RUSTENBURG LOCAL MUNICIPALITY**  
**Schedule of External loans for 2014**

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance Per AFS at 30 June 2013	Redeemed/ Written Off during Period	Balance at 30 June 2014	Shortterm PortiON Payable	Balance after 12 Months
<b>CAPITAL LEASE LIABILITIES</b>	<b>R</b>				<b>R</b>	<b>R</b>	<b>R</b>		
Avis Fleet Services (Pty) Ltd		10.00%		31 May 2013	R 711 783.00	(711 783.00)	711 783		
Gestetner Finance (Fintech)		10.00%		30 September 2013	R 3 539 830.00	(3 539 830.00)	3 539 830		
<b>Total Capital Lease Liabilities</b>	<b>-</b>				<b>R 4 251 613.00</b>	<b>(4 251 613)</b>	<b>4 251 613</b>	<b>-</b>	<b>-</b>
<b>OTHER LOANS</b>									
INCA	R 50 000 000.00	13.82%	50619016740	29 February 2024	R 46 642 982.22	R 1 993 626.71	R 44 649 355.51	<b>5 753 386.00</b>	38 895 969.51
ABSA - Drawdown 1	R 20 000 000.00	11.92%	3017981971	01 June 2020	R 13 846 603.35	R 1 296 262.73	R 12 550 340.62	<b>1 438 424.06</b>	11 111 916.56
ABSA - Drawdown 2	R 20 000 000.00	12.02%	3017982317	31 May 2021	R 15 287 330.28	R 1 099 265.17	R 14 188 065.11	<b>1 673 318.83</b>	12 514 746.28
ABSA - Drawdown 3	R 20 000 000.00	12.14%	3022362516	31 May 2022	R 16 028 496.47	R 972 973.19	R 15 055 523.28	<b>1 781 169.84</b>	13 274 353.44
DBSA - Drawdown 1	R 200 000 000.00	9.903%	61007193	02 January 2029	R 0.00	R 0.00	R 200 000 000.00	<b>19 478 613.15</b>	180 521 386.85
<b>Total Other Loans</b>	<b>R 110 000 000.00</b>				<b>R 91 805 412.32</b>	<b>R 5 362 127.80</b>	<b>R 286 443 284.52</b>	<b>R 30 124 911.88</b>	<b>R 75 796 985.79</b>
<b>TOTAL EXTERNAL LOANS</b>	<b>R 110 000 000.00</b>			<b>Per AFS</b>	<b>R 96 057 025.32</b>	<b>R 1 110 514.80</b>	<b>R 290 694 897.52</b>	<b>R 30 124 911.88</b>	<b>R 75 796 985.79</b>

**OTHER LOANS:**

**DBSA**

Structured secured 15 year loan for various purposes. Original loan capital of R308 000 000. Drawdown of R 200 million was transferred on April 2014. Interest is repayable semi-annually

**INCA:**

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

**Absa Loan (1064):**

Original loan amount was R 20 000 000 for the 3 drawdowns respectively. Bears interest from first draw down at 11.92%, 12.02% and 12.14% per annum respectively, with equal

<p style="text-align: center;">APPENDIX B RUSTENBURG LOCAL MUNICIPALITY ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2014</p>											
Description	Historical Cost					Accumulated Depreciation/Impairment					Carrying
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Impairment	Disposals	Closing Balance	Value
	R	R	R	R	R	R	R	R	R	R	R
<b>Land and Buildings</b>											
Houses	180 312 940	-	-	-	180 312 940	-70 001 396	-10 469 463	-	-	-80 470 859	99 842 081
Houses: Selling Schemes	-	-	-	-	-	-	-	-	-	-	-
Land: Developed	1 016 978 512	16 258 000	-	-405 902	1 032 830 610	-	-	-	-	-	1 032 830 610
Land: Undeveloped	-	-	-	-	-	-	-	-	-	-	-
Office Buildings	968 177 447	1 009 599	14 374 055	-139 444	983 421 657	-381 271 276	-77 043 150	-	-	-458 314 426	525 107 231
Community properties	167 219 979	684 857	18 927 605	-	186 832 441	-21 991 315	-9 623 002	-	-	-31 614 316	155 218 125
Park Homes	-	-	-	-	-	-	-	-	-	-	-
Shopping Centres	-	-	-	-	-	-	-	-	-	-	-
Warehouses	-	-	-	-	-	-	-	-	-	-	-
Workshops and Depots	-	-	-	-	-	-	-	-	-	-	-
Solid Waste	1 652 852	-	173 840 246	-	175 493 098	-8 963	-72 703	-	-	-81 665	175 411 433
	<b>2 334 341 730</b>	<b>17 952 456</b>	<b>207 141 906</b>	<b>-545 346</b>	<b>2 558 890 747</b>	<b>-473 272 949</b>	<b>-97 208 318</b>	-	-	<b>-570 481 267</b>	<b>1 988 409 480</b>
<b>Infrastructure</b>											
<i>Sewerage:</i>											
Bulk Pipelines	35 215	-	-	-	35 215	-1 956	-1 956	-	-	-3 913	31 303
Outfall Sewers	35 824 026	955 607	-	-	36 779 633	-1 990 224	-1 992 331	-	-	-3 982 555	32 797 078
Pumping Stations	1 170 377	3 104 165	-	-	4 274 542	-381 335	-58 402	-	-	-439 737	3 834 805
Pumps	-	-	-	-	-	-	-	-	-	-	-
Purification Works	-	-	-	-	-	-	-	-	-	-	-
Sewers / Reticulation	732 813 493	25 331 654	-	-666 724	757 478 424	-417 712 401	-18 545 885	-	-	-436 258 286	321 220 138
Sludge Machines	-	-	-	-	-	-	-	-	-	-	-
	<b>769 843 111</b>	<b>29 391 427</b>	-	<b>-666 724</b>	<b>798 567 814</b>	<b>-420 085 916</b>	<b>-20 598 574</b>	-	-	<b>-440 684 490</b>	<b>357 883 324</b>
<i>Water:</i>											
Boreholes	459 538	1 371 869	-	-	1 831 407	-337 743	-65 219	-	-	-402 962	1 428 445
Bulk Supply	1 309 367	-	-	-	1 309 367	-72 743	-72 743	-	-	-145 485	1 163 881
Dams	-	-	-	-	-	-	-	-	-	-	-
Mains	-	-	-	-	-	-	-	-	-	-	-
Meters	2 557 534	-	-	-	2 557 534	-142 085	-142 085	-	-	-284 170	2 273 364
Pumping Stations	7 267 654	1 184 047	-	-	8 451 700	-3 712 385	-463 729	-22 180	-	-4 198 294	4 253 406
Purification Plant	-	-	-	-	-	-	-	-	-	-	-
Reservoirs and Tanks	210 073 776	1 128 092	-	-	211 201 867	-70 532 739	-7 697 128	-	-	-78 229 867	132 972 001
Metalwork	2 515 535	-	-	-	2 515 535	-139 752	-139 752	-	-	-279 504	2 236 031
Standpipes	3 063 661	-	-	-	3 063 661	-170 203	-170 203	-	-	-340 407	2 723 254
Supply and Reticulation	810 844 065	21 048 478	-	-	831 892 544	-474 603 804	-41 297 537	-	-	-515 901 342	315 991 202
Telemetry Systems	-	-	-	-	-	-	-	-	-	-	-
Work in Progress	-	-	275 936 516	-	275 936 516	-	-	-	-	-	275 936 516
	<b>1 038 091 129</b>	<b>24 732 486</b>	<b>275 936 516</b>	-	<b>1 338 760 131</b>	<b>-549 711 454</b>	<b>-50 048 396</b>	<b>-22 180</b>	-	<b>-599 782 030</b>	<b>738 978 100</b>
<i>Electricity:</i>											
Cooling Towers	-	-	-	-	-	-	-	-	-	-	-
High Mast Lights	2 041 437	-	-	-	2 041 437	-217 837	-68 048	-	-	-285 885	1 755 552
Load Control Equipment	593 190	-	-	-	593 190	-47 246	-19 773	-	-	-67 019	526 171
Mains	512 202 086	-	-	-	512 202 086	-189 776 124	-19 760 334	-	-	-209 536 458	302 665 629
Meters	47 714 432	-	-	-	47 714 432	-22 988 514	-3 598 388	-	-	-26 586 902	21 127 530
Substations	183 652 107	-	-	-	183 652 107	-57 002 825	-6 480 833	-	-	-63 483 658	120 168 449
Supply and Reticulation	363 562 339	2 432 340	-	-	365 994 679	-100 082 922	-12 819 881	-	-	-112 902 803	253 091 875
Switchgear Equipment	8 462 092	-	-	-	8 462 092	-696 687	-282 070	-	-	-978 756	7 483 335
Transformers	-	-	-	-	-	-	-	-	-	-	-
Work in Progress	-	-	95 453 699	-	95 453 699	-	-	-	-	-	95 453 699
	<b>1 118 227 682</b>	<b>2 432 340</b>	<b>95 453 699</b>	-	<b>1 216 113 721</b>	<b>-370 812 154</b>	<b>-43 029 326</b>	-	-	<b>-413 841 481</b>	<b>802 272 241</b>

<p style="text-align: center;">APPENDIX B RUSTENBURG LOCAL MUNICIPALITY ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2014</p>											
Description	Historical Cost					Accumulated Depreciation/Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Impairment	Disposals	Closing Balance	
<i>Roads and Transport:</i>											
Bridges, Subways and Culverts	53 014 818	-	-	-	53 014 818	-22 707 300	-1 323 668	-	-	-24 030 967	28 983 851
Bus Stops	-	-	-	-	-	-	-	-	-	-	-
Bus Terminals	-	-	-	-	-	-	-	-	-	-	-
Car Parks	22 664 317	-	-	-	22 664 317	-11 231 607	-663 490	-	-	-11 895 096	10 769 220
Motorways	-	-	-	-	-	-	-	-	-	-	-
Overhead Bridges	105 862 597	-	-	-	105 862 597	-35 828 596	-1 512 323	-	-	-37 340 919	68 521 678
Road Furniture (Lights, Signs, etc)	143 753 529	20 727 212	-	-	164 480 741	-50 790 380	-3 980 713	-	-	-54 771 092	109 709 648
Roads: Asphalt	2 160 133 108	-	-	-	2 160 133 108	-892 967 504	-55 542 744	-	-	-948 510 248	1 211 622 860
Roads: Concrete	360 983 914	36 475 552	-	-	397 459 466	-32 995 218	-9 493 516	-	-	-42 488 733	354 970 733
Roads: Gravel	512 288 448	-	-	-	512 288 448	-469 986 792	-35 630 596	-	-	-505 617 388	6 671 059
Roads: Paved	35 164 501	-	-	-	35 164 501	-14 695 166	-1 757 223	-	-	-16 452 389	18 712 112
Stormwater	265 718 084	-	-	-	265 718 084	-150 159 527	-4 436 810	-	-	-154 596 337	111 121 746
Stormwater Drains	164 123	96 424	-	-	260 547	-78 053	-5 230	-	-	-83 283	177 264
Street Lighting	-	-	-	-	-	-	-	-	-	-	-
Streetname Signs	6 327 823	-	-	-	6 327 823	-2 931 837	-619 878	-	-	-3 551 715	2 776 108
Railway Sidings	-	-	-	-	-	-	-	-	-	-	-
Taxi Ranks	-	-	-	-	-	-	-	-	-	-	-
Telkom Sleeves	-	-	-	-	-	-	-	-	-	-	-
Traffic Islands	10 120 864	-	-	-	10 120 864	-4 315 502	-257 157	-	-	-4 572 659	5 548 205
Traffic Lights	1 613 275	-	-	-	1 613 275	-703 709	-105 796	-	-	-809 505	803 770
Work in Progress	-	-	1 106 983 210	-	1 106 983 210	-	-	-	-	-	1 106 983 210
	<b>3 677 809 400</b>	<b>57 299 188</b>	<b>1 106 983 210</b>	<b>-</b>	<b>4 842 091 798</b>	<b>-1 689 391 190</b>	<b>-115 329 144</b>	<b>-</b>	<b>-</b>	<b>-1 804 720 334</b>	<b>3 037 371 464</b>
<b>Heritage Assets</b>											
Municipal Jewellery	119 483	-	-	-	119 483	-	-	-	-	-	119 483
	<b>119 483</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>119 483</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>119 483</b>
<b>Other Assets</b>											
<i>Bins and Containers:</i>											
Bulk Containers	2 828 456	694 659	-	-	3 523 115	1 086 932	219 253	-	-	1 306 185	2 216 929
Collection Containers / Bins	9 821	-	-	-	9 821	8 839	-	-	-	8 839	982
Household Refuse Bins	-	-	-	-	-	-	-	-	-	-	-
<i>Emergency Equipment:</i>											
Ambulance Equipment	988 259	-	-	-	988 259	809 008	40 948	4 905	-	854 861	133 399
Emergency Lights	-	-	-	-	-	-	-	-	-	-	-
Fire Training Equipment	143 650	-	-	-	143 650	112 387	7 517	-	-	119 903	23 747
Fire Equipment	1 629 708	-	-	-	1 629 708	1 293 166	84 937	-	-	1 378 103	251 604
Fire Hoses	687 594	359 919	-	-	1 047 513	402 182	106 258	3 053	-	511 493	536 020
<i>Furniture and Fittings:</i>											
Cabinets and Cupboards	4 575 531	550 499	-	-38 140	5 087 890	2 397 299	376 557	11 953	-33 348	2 752 460	2 335 430
Chairs	6 864 591	608 169	-	-112 046	7 360 714	3 167 357	579 445	25 528	-89 858	3 682 472	3 678 242
Domestic and Hostel Furniture	-	-	-	-	-	-	-	-	-	-	-
Kitchen Appliances	-	-	-	-	-	-	-	-	-	-	-
Other Furniture	5 196 025	30 192	-	-22 580	5 203 637	4 690 916	163 763	8 937	-11 590	4 852 026	351 611
Tables and Desks	4 219 701	446 850	-	-94 469	4 572 081	2 452 043	345 429	12 391	-66 878	2 742 986	1 829 094
	-	-	-	-	-	-	-	-	-	-	-

<p style="text-align: center;">APPENDIX B RUSTENBURG LOCAL MUNICIPALITY ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2014</p>											
Description	Historical Cost					Accumulated Depreciation/Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Impairment	Disposals	Closing Balance	
<i>Motor Vehicles:</i>		-		-		-	-		-	-	
Buses	1 375 252	-	-	-	1 375 252	685 509	114 647	-	-	800 156	575 096
Motor Cars	10 283 193	1 350 400	-	-	11 633 593	3 898 246	1 195 301	40 972	-	5 134 518	6 499 075
Motor Cycles	845 794	-	-	-	845 794	545 192	25 684	88 795	-	659 671	186 123
Tractors	3 464 494	-	-	-	3 464 494	1 643 415	124 286	15 379	-	1 783 080	1 681 414
Trailers	538 768	-	-	-	538 768	277 395	32 623	5 826	-	315 844	222 924
Trucks and Bakkies	67 209 300	777 964	-	-2 409 370	65 577 894	27 264 701	6 414 595	105 731	-1 455 715	32 329 312	33 248 582
Leased vehicles	2 477 746	-	-	-	2 477 746	1 014 394	246 578	-	-	1 260 972	1 216 774
<i>Office Equipment:</i>		-		-							
Advertising Boards	-	-	-	-	-	-	-	-	-	-	-
Air Conditioners	5 213 719	57 995	-	-	5 271 714	4 185 811	154 124	5 943	-	4 345 878	925 836
Audiovisual Equipment	-	-	-	-	-	-	-	-	-	-	-
Computer Hardware	17 825 760	1 323 617	-	-159 202	18 990 175	5 428 624	2 592 978	134 728	-73 174	8 083 156	10 907 019
Office Machines	4 736 783	624 918	-	-45 053	5 316 647	2 870 919	481 144	18 665	-37 109	3 333 619	1 983 028
Other Office Equipment	-	-	-	-	-	-	-	-	-	-	-
Paintings and Sculptures	-	-	-	-	-	-	-	-	-	-	-
Lease computer equipments	7 128 475	-	-	-32 964	7 095 511	3 343 032	1 135 137	2 156	-12 477	4 467 848	2 627 663
<i>Plant and Equipment:</i>											
Cable Cars	-	-	-	-	-	-	-	-	-	-	-
Compressors	363 215	-	-	-	363 215	251 697	22 915	-	-	274 613	88 602
Conveyors	-	-	-	-	-	-	-	-	-	-	-
Cremators	-	-	-	-	-	-	-	-	-	-	-
Domestic Equipment	-	-	-	-	-	-	-	-	-	-	-
Earthmoving Equipment	-	-	-	-	-	-	-	-	-	-	-
Electric Wire and Power Tools	-	-	-	-	-	-	-	-	-	-	-
Farm Equipment	3 400	-	-	-	3 400	3 060	-	-	-	3 060	340
Feeders	-	-	-	-	-	-	-	-	-	-	-
Fire Arms	388 136	96 800	-	-	484 936	342 970	2 475	-	-	345 445	139 491
Gardening Equipment	70 023	-	-	-	70 023	56 762	2 310	-	-	59 071	10 952
Irrigation Systems	21 550	-	-	-	21 550	3 871	1 258	-	-	5 129	16 421
Laboratory Equipment	6 064	-	-	-	6 064	5 157	87	77	-	5 321	743
Lathes	-	-	-	-	-	-	-	-	-	-	-
Lawnmowers	1 248 798	25 000	-	-	1 273 798	896 054	136 045	577	-	1 032 676	241 122
Medical and Allied Equipment	-	-	-	-	-	-	-	-	-	-	-
Milling Equipment	-	-	-	-	-	-	-	-	-	-	-
Other Plant and Equipment	22 045 384	4 563 536	-	-1 851	26 607 069	12 970 406	2 263 745	21 813	-1 616	15 254 348	11 352 721
Pulverising Mills	-	-	-	-	-	-	-	-	-	-	-
Pumps and Plumbing Equipment	-	-	-	-	-	-	-	-	-	-	-
Radio Equipment	954 450	111 398	-	-1 525	1 064 323	420 971	134 469	469	-1 068	554 841	509 482
Road Construction Equipment	-	-	-	-	-	-	-	-	-	-	-
Satellite Tracking Equipment	-	-	-	-	-	-	-	-	-	-	-
Security Equipment	4 225 665	387 614	-	-	4 613 279	692 035	781 050	-	-	1 473 085	3 140 195
Telecommunication Equipment	12 416 727	566 883	-	-	12 983 611	5 771 840	1 770 197	82 656	-	7 624 693	5 358 918
Woodworking Machinery/Equipment	-	-	-	-	-	-	-	-	-	-	-
Workshop Equipment	-	-	-	-	-	-	-	-	-	-	-
<i>Specialised Vehicles:</i>											
Fire Vehicles	13 672 269	-	-	-	13 672 269	6 909 256	679 811	-	-	7 589 068	6 083 202
Graders	8 711 861	-	-	-98 000	8 613 861	3 335 487	441 242	9 249	-66 206	3 719 772	4 894 089
Mechanical Horses	-	-	-	-	-	-	-	-	-	-	-
Refuse & Sewerage Collection Vehicles	19 597 537	2 180 690	-	-	21 778 227	7 407 792	1 347 826	-	-	8 755 618	13 022 609
Tipplers	1 085 479	-	-	-276 123	809 356	581 132	50 247	-	-187 854	443 526	365 830

<p style="text-align: center;">APPENDIX B RUSTENBURG LOCAL MUNICIPALITY ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2014</p>											
Description	Historical Cost					Accumulated Depreciation/Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Impairment	Disposals	Closing Balance	
<i>Library:</i>											
Study reference books	2 416 886	397 571	-	-	2 814 457	1 432 680	186 565	-	-	1 619 244	1 195 213
<i>Other Assets:</i>											
Other equipments	-	-	-	-	-	-	-	-	-	-	-
Kilns	-	-	-	-	-	-	-	-	-	-	-
Laboratories	-	-	-	-	-	-	-	-	-	-	-
Quarries	-	-	-	-	-	-	-	-	-	-	-
	235 470 062	15 154 673	-	-3 291 324	247 333 411	108 658 537	22 261 444	599 803	-2 036 892	129 482 891	117 850 520
<b>PPE TOTAL</b>	<b>9 173 902 598</b>	<b>146 962 570</b>	<b>1 685 515 332</b>	<b>-4 503 393</b>	<b>11 001 877 105</b>	<b>-3 611 932 201</b>	<b>-348 475 202</b>	<b>-621 983</b>	<b>2 036 892</b>	<b>-3 958 992 493</b>	<b>7 042 884 612</b>
<i>Investment Properties</i>											
Land	172 052 591	-	-	-13 130 585	158 922 006	-	-	-	-	-	158 922 006
Office Buildings	133 014 384	-	-	-	133 014 384	45 246 621	7 035 696	-	-	52 282 317	80 732 067
	305 066 975	-	-	-13 130 585	291 936 390	45 246 621	7 035 696	-	-	52 282 317	239 654 072
<i>Intangible Assets</i>											
Computer Software	2 485 639	245 847	-	-	2 731 486	872 402	527 461	-	-	1 399 863	1 331 623
	2 485 639	245 847	-	-	2 731 486	872 402	527 461	-	-	1 399 863	1 331 623
<b>TOTAL ASSETS</b>	<b>9 481 455 211</b>	<b>147 208 417</b>	<b>1 685 515 332</b>	<b>-17 633 978</b>	<b>11 296 544 981</b>	<b>-3 658 051 224</b>	<b>-356 038 359</b>	<b>-621 983</b>	<b>2 036 892</b>	<b>-4 012 674 673</b>	<b>7 283 870 308</b>

**APPENDIX E(1)**  
**RUSTENBURG LOCAL MUNICIPALITY**  
**ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2014**

Description	2013/14 Actual	2013/14 Budget	2013/14 Variance	2013/14 Variance	Explanation of Material Variances greater than 10% versus Budget
<b>REVENUE</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>%</b>	
Property rates	176 950 820	178 353 737	(1 402 917)	-0.79	
Fines	37 793 658	13 854 409	23 939 249	172.79	Revenue from illegal dumping not realized
Licences and Permits	9 812 782	11 819 215	(2 006 433)	-16.98	Under collection as anticipated
Government Grants and Subsidies	1 116 300 305	1 432 487 733	(316 187 428)	-22.07	Includes Capital budget revenue
Service Charges	1 853 885 430	2 205 997 730	(352 112 300)	-15.96	Reduction in mining activities during strikes
Rental of Facilities and Equipment	6 440 323	15 364 052	(8 923 729)	-58.08	Mainly due to free use of facilities non tariff increases
Interest Earned - External investments	27 859 662	24 638 112	3 221 550	13.08	Bulk unspent conditional grants invested
Interest Earned - Outstanding debtors	112 994 345	125 090 456	(12 096 111)	-9.67	Rectification of 2012/13 audit query on interest calculation
Other Income	88 459 337	40 681 976	47 777 361	117.44	Various small line items grouped together(,
Gains on Disposal of Property, Plant and Equipment	10 459 667	30 071 607	(19 611 940)	-65.22	Stands not sold as anticipated
<b>EXPENDITURE</b>					
Employee Related Costs	513 569 712	482 963 168	30 606 544	6.34	
Remuneration of Councillors	27 238 004	27 181 404	56 600	0.21	
Depreciation	356 115 190	387 612 451	(31 497 261)	-8.13	
Impairment Losses	460 071 175	-	460 071 175	-	
Repairs and Maintenance	158 837 665	161 916 682	(3 079 017)	-1.90	
Interest Paid	15 719 288	22 031 876	(6 312 588)	-28.65	Acquisition of loan delayed. Repayments will impact on 2014/15
Bulk Purchases	1 463 276 122	1 636 662 959	(173 386 837)	-10.59	Reduction in mining activities during strikes
Contracted Services	269 098 898	296 119 026	(27 020 128)	-9.12	
Grants and Subsidies Paid	499 194	-	499 194	-	
General Expenses	245 645 644	254 075 534	(8 429 890)	-3.32	



**APPENDIX F**  
**RUSTENBURG LOCAL MUNICIPALITY**  
**FOR THE YEAR ENDED 30 JUNE 2014**

Name of Grant	Opening Balance	Grants Received	Grants Utilized	Closing Balance	Delayed and/or withheld	Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*)See below	Reason for Non-compliance
EQUITABLE SHARE	-	(284 657 000.00)	284 657 000.00	-	No	Not applicable	Yes	N/a
LG SETA	(17 046.00)	-	-	(17 046.00)	No	Not applicable	Yes	N/a
BPDM	(13 172.00)	-	-	(13 172.00)	No	Not applicable	Yes	N/a
EEDG	(97 262.00)	(5 721 700.00)	3 863 523.94	(1 955 438.06)	No	Not applicable	Yes	N/a
DPLG	(2 914 474.00)	(2 100 000.00)	85 482.00	(4 928 992.00)	No	Not applicable	Yes	N/a
DSAC - Sun City	(34 995.00)	-	-	(34 995.00)	No	Not applicable	Yes	N/a
EPWP	(568 056.00)	(7 990 000.00)	3 350 427.33	(5 207 628.67)	No	Not applicable	Yes	N/a
FMG	(105 259.00)	(1 550 000.00)	1 655 000.00	(259.00)	No	Not applicable	Yes	N/a
LOTTERY	(11 771.00)	-	-	(11 771.00)	No	Not applicable	Yes	N/a
MSIG	-	(890 000.00)	890 000.00	-	No	Not applicable	Yes	N/a
OTHER	(7 543 744.05)	-	-	(7 543 744.05)	No	Not applicable	Yes	N/a
RBA WESTERN BY PASS	(4 563 739.00)	-	-	(4 563 739.00)	No	Not applicable	Yes	N/a
SEED	(422 186.00)	-	-	(422 186.00)	No	Not applicable	Yes	N/a
SKILLS LEVY	-	(572 132.41)	-	(572 132.41)	No	Not applicable	Yes	N/a
HOUSING PROJECT ACCOUNT	(18 572 087.00)	(460 960.00)	-	(19 033 047.00)	No	Not applicable	Yes	N/a
INEG	(11 966 520.20)	-	7 258 833.67	(4 707 686.53)	No	Not applicable	Yes	N/a
DSAC - Library	(488 984.42)	(670 000.00)	192 740.33	(966 244.09)	No	Not applicable	Yes	N/a
MIG	(84 377 302.08)	(258 722 000.00)	255 867 159.34	(87 232 142.74)	No	Not applicable	Yes	N/a
PTIS	(189 136 675.04)	(630 000 000.00)	557 702 801.86	(261 433 873.18)	No	Not applicable	Yes	N/a
DONATION - SCHOOL OF EXCELLENCE	-	(143 023.00)	143 023.00	-	No	Not applicable	Yes	N/a
GRANT RENOVATION OLD MARIKANA HC	-	(455 197.00)	448 130.00	(7 067.00)	No	Not applicable	Yes	N/a
NSCOOP	-	(563 350.00)	186 184.20	(377 165.80)	No	Not applicable	Yes	N/a
	<b>(320 833 272.79)</b>	<b>(1 194 495 362.41)</b>	<b>1 116 300 305.67</b>	<b>(399 028 329.53)</b>				

**ACTIONS PLAN ON AUDITOR GENERAL'S REPORT: 2013- 2014**

**Basis for qualified opinion**

	<b>Audit Finding</b>	<b>Remedial plan/comment</b>	<b>Responsible person</b>	<b>Time frame</b>	<b>Status quo to date:</b>
	<b>Receivable from exchange and non-exchange transactions</b>				
6.	Revenue accrued at the end of the previous financial year was misstated due to the incorrect calculation of unbilled consumption of services and the incorrect reversal of other accruals. As a result of this, revenue from exchange transactions and receivables from exchange transactions is overstated with R69 094 405 in the prior year and revenue from exchange transactions is understated in the current year with the same amount. Furthermore, interest received from debtors in the prior year was understated with R20 202 046 as a result of the incorrect disclosure of a prior period adjustment.	<p>Calculation were redone and presented for audit but due to insufficient time were not considered.</p> <p>Recalculation as submitted can be used and journals corrected after review and agreement by The revenue manager.</p> <p>The Grap 3 note to be compiled and corrected in the prior year during this AFS.</p> <p>As per note 6.</p>	Unit manager: Revenue Management Services	Before 20 January 2015	Ready for review.
7.	In addition to this, I was unable to obtain sufficient appropriate audit evidence for journals and other adjustments made to receivables from exchange and receivables from non-exchange transactions in the current and prior period. I was unable to confirm these receivables by alternative means. Consequently, I was unable to determine whether any adjustments to receivables from exchange transactions of R283 495 951 and R274 563 124 (2013: R622 221 293 and R614 884 823) as disclosed in the note 4 and receivables from non-exchange transactions of R42 283 548 (2013: R73 722 303) as disclosed in note 5 to the				

	consolidated and separate financial statements were necessary.				
<b>Vat added tax (VAT) Receivable</b>					
8.	I was unable to obtain sufficient appropriate audit evidence for the VAT receivable, as the municipality did not have an adequate system in place to reconcile the accounting records to the submitted VAT returns. I was unable to determine the impact of input and output VAT included in various expenditure and revenue accounts. Furthermore, I was unable to determine the correct treatment of VAT in the provision for impairment of debtors. The municipality's system did not allow the performance of alternative procedures. Consequently, I was unable to determine whether any adjustments to value added tax receivable of R83 774 902 and R83 581 616(2013: Value added tax payable of R94 648 044 and R96 721 879) as disclosed in note 6 and 18 to the consolidated and separate financial statements, were necessary.	<p>A monthly reconciliation of the Vat 201 and the General Ledger movement is being done.</p> <p>Adjustment of votes will also be done as and when there is a Vat Review Claim.</p> <p>We are also reviewing the expenditure votes to ensure that vat is claimed correctly.</p> <p>Review of the General Ledger balances must be done to ensure that the Vat balances correspond with the SARS Statement of Account. (Reconciliation of Vat Balances and Statement of Account). Recalculation was submitted during the audit but due to time constraints they refused to audit.</p> <p>The working paper will be reviewed and submitted for final review by the revenue manager.</p>	Unit manager: Financial Management Services / Revenue Management Services	Monthly and Ongoing	<p>The Monthly Vat Return 201 is reconciled to the monthly Promis movement.</p> <p>Review of votes is done on an ongoing basis to minimise the Vat Reviews by Maxprof.</p>
<b>Accumulated surplus</b>					
9.	1. I was unable to obtain sufficient appropriate audit evidence for journals and other adjustments made to accumulated surplus in the current and prior period. Furthermore, the municipality did not comply with SA Standards of GRAP, GRAP 3,	The previous year's adjustments to the accumulated surplus were done on a high level and the auditors rejected this.	Unit manager: Financial Control and Revenue management Services	Estimated 36 months recons to be done on a 2 to 3 per day rate.	Inter action with ProMIS to identified errors already under taken.

	<p><i>Accounting policies, change in accounting estimates and errors, which requires the disclosure of the nature of the errors, the correction for each financial statement line item for each period presented and the amount of the correction at the beginning of the earliest prior period presented. The municipality's system did not allow the performance of alternative procedures. Consequently I was unable to determine whether any adjustments to accumulated surplus of R7 041 082 934 and R6 783 809 996 (2013: R7 078 984 411 and R6 855 469 600) disclosed in the statement of changes in net assets to the consolidated and separate financial statements, were necessary. As a result of this, the correction of error as disclosed in note 38 to the consolidated and separate financial statements are also misstated.</i></p>	<p>Detail per month reconciliations indicating the difference between the monthly billing data and the VSDR transaction need to be done.</p> <p>All non billing journals need to be reviewed and reversed to inter alia the bank recons if needed.</p>		30 January 2015	
<b>Commitments</b>					
10.	<p>I was unable to obtain sufficient appropriate audit evidence for commitments disclosed, as the municipality did not have an adequate contract management system in place to record, maintain and reconcile their commitments. The municipality's system did not allow the performance of alternative procedures. Consequently I was unable to determine whether any adjustments to commitments of R1 066 472 162 and R1 060 363 741 (2013: R1 447 969 576) as disclosed in</p>	<p>The Municipality will need to have a system that will link all contracts of the municipality, so as to move away from manual recorded payments. In the mean time BTO has resolved that Financial Management unit will record all payments made and include retentions. We will also deduct the trade creditors which is payments made after</p>	Unit manager: SCM	On-going	

	note 43 to the consolidated and separate financial statements, were necessary.	the end of the financial year. The paying section will improve the recording of payments to be on an excel spreadsheet.			
<b>Irregular expenditure</b>					
11	2. Section 125(2)(d)(iii) of the MFMA requires disclosure of all irregular expenditure incurred by the municipality. I was unable to obtain sufficient appropriate audit evidence that awards made by the municipality to suppliers were made in terms of the municipality's supply chain management policy. I was unable to confirm these awards by alternative means. Consequently I was unable to determine whether any adjustments to irregular expenditure of R238 439 003 (2013: R168 670 613) as disclosed in note 41.2 to the consolidated and separate financial statements were necessary.	<p>The municipality is making awards to service providers in accordance with the SCM Policy. This finding relates to contracts that had been classified as irregular.</p> <p>The municipality needs to take a decision whether to continue or not with the above contracts.</p> <p>The deviations as approved by the accounting officer were also qualified as irregular by AG. We need to intensify our efforts to ensure that we only approve deviations in accordance with section 36 of the SCM Regulation.</p>	Unit manager: SCM	Continuous	
<b>Cash Flow Statement</b>					

12.	<p>Presentation of a cash flow statement, summarising the entity's operating, investing and financing activities is required by SA Standards of GRAP, GRAP 2, <i>Cash flow statements</i>. The calculation of net cash flows from operating activities, cash flows from investing activities and cash flows from financing activities did not appropriately account for cash and non-cash items. The municipality's system did not allow the performance of alternative procedures to determine the extent of the misstatement. Consequently, I did not obtain sufficient appropriate audit evidence to confirm the accuracy of the cash flow statement and the notes thereto.</p>	<p>Municipality will ensure that there is separation between cash and non-cash transactions when preparing cash flow statements</p> <p>Municipality will ensure compliance with the SA Standards of GRAP when preparing 14/15 Annual Financial statements and proper accounting of cash and non-cash items</p>	Unit manager: Financial Management Services	Yearly	Year end procedure
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#### Emphasis of matters

#### Unauthorised expenditure

13.	<p>As disclosed in note 41.1 to the financial statements, unauthorised expenditure of R51 165 847 was incurred in the current year and the unauthorised expenditure from prior years of R1 063 936 181 had not yet been dealt with in accordance with section 32 of the MFMA.</p>	<p>The amount that was disclosed will be reported to council and already measures have been put into place to ensure that this does not occur again going forward.</p> <p>The system's service provider has been engaged in order to assist with restricting expenditure that is made through journals because the system does not request availability of the budget when it's done through journal.</p> <p>Make sure that no expenditure can go</p>	Unit manager: Financial Control Services	On going	Monitored on a monthly basis by Accountant during month end process
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		through where there is no sufficient budget			
<b>Material losses</b>					
14.	As disclosed in note 42.9 to the financial statements, material losses to the amount of R230 348 365 (2013: R159 078 527)(at cost) were incurred as a result of mainly distribution losses of water and electricity.	The calculate distribution loss is used based on CB dump items than purely on the sales as required by AG	Unit Manager: Financial Control	On-going	Already implemented
<b>Additional matters</b>					
<b>Unaudited disclosure notes</b>					
18.	In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.	Municipality will ensure that compliance with MFMA section 125(2)(e) and disclosure requirement in the 14/15 Annual Financial Statements	Unit Manager: Financial Control	Yearly	Year-end function
<b>Annual report and annual financial statements</b>					
37	The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the financial	Municipality will ensure that Annual Financial Statements are prepared in accordance with MFMA section 122 and clearing of uncorrected material misstatement	Unit Manager: Financial Control	Monthly	Monthly clearing will performed  Year-end procedure

	statements receiving a qualified audit opinion.				
<b>Budget</b>					
38	Expenditure was incurred in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the MFMA.	Ensure that the directors spend within their allocated budget by monitoring the expenditure on monthly basis. Locked the financial system not to spend where there is no or insufficient budget allocated. Monthly reports are extracted on the overspending votes every month and reported to different Directorates.	Unit Manager: Financial Control Services	On going	Monitored on a monthly basis by Accountant during month end process
<b>Expenditure management</b>					
39	Reasonable steps were not taken to prevent unauthorised and irregular expenditure, as required by section 62(1)(d) of the MFMA.	As per note 13, 38 and 53	Unit Manager: Financial Management Services	Ongoing	
<b>Procurement and contract management</b>					
53	Goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).  The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2) (b) of the MFMA.	<ol style="list-style-type: none"> <li><b>Future Transport Deviation</b></li> <li><b>Electric pump deviation</b></li> <li><b>Vision Active Deviation</b></li> <li><b>Windeed Deviation</b></li> </ol> <p>The above deviations resulted to this finding and the total of these for the financial year 2013/14 amounted to R4 117 831.84 We need to ensure that the municipality does not approve deviations which are not in accordance with</p>	Unit Manager: SCM		
54					



		section 36 of the SCM Regulations.		On-going	Already implemented
55	The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, as required by section 116(2) (c) of the MFMA.	The monitoring of contract performance is a duty of each and every projects manager, BTO has resolved that no payments will be made to service providers without evidence of performance monitoring measure		On-going	
56	Awards were made to providers who are in the service of other state institutions or whose directors or principal shareholders are in the service of other state institutions, in contravention of section 112(j) of the MFMA and SCM regulation 44.  Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, as required by SCM regulation 46(2)(e).	The municipality can only detect its own employees. We have not been found to be doing business with our own employees.  The process of municipal employees declaring their interest has been initiated by the office of the Accounting officer, and it needs to be supported.		On-going	

## APPENDIX A: COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

The following table depict all councillors in the Municipal Council, the political parties they represent, they standing in the council (Ward or Proportional Representative), number of meetings planned and attended.

Councillor	Political Representation	Ward or Proportional Representation	Council Meetings		Attendance of each Councillor	
			Ordinary	Special	Total no of meetings	No. of meetings attended
Clr Babe Nosipho Bridget	ANC	PR	7	6	13	
Clr Beukes Ernest(Mr)	DA	Ward 15	7	9	16	
Clr Bodenstein Maria	DA	16	6	6	12	
Clr Bisschoff Elizabetha Johanna(Me)	FF Whip	PR	8	12	20	
Clr Bothomane Pogiso (Mr)	ANC	21	7	10	17	
Clr Chauke O R	DA	PR	7	8	15	
Clr Coetzee D	ANC	20	7	12	19	
Clr Coetzee Martin	DA	PR	8	10	18	
Clr Diutlwile M M	ANC		5	4	9	
Clr Dlunge Welcome	ANC	37	9	10	19	
Clr Du Plessis Gert Jacobus (Mr)	DA	14	7	8	15	
Clr Habi Abram Sello	ANC		7	9	16	
Clr Kgaladi P	ANC		6	7	13	
Clr Khunou M (Mr)	ANC		6	9	15	
Clr Lekoro B F (Me)	ANC		8	8	16	
Clr Letlhoo Matlhomola Daniel(Mr)	UCPD		7	10	17	
Clr Lombaard A	DA		7	6	13	
Clr Mabale-Huma Shiela Shirley Kgomotso (Me)	ANC		9	8	17	
Clr Makhaula V N	ANC		9	11	20	
Clr Makhutle M P	DA		7	8	15	
Clr Makopo Tieho	ANC		7	7	14	
Clr Malan A	DA		5	5	10	
Clr Malebana-Metsing Peter Ishmail Rocky (Mr)	ANC		7	10	17	
Clr Mantsho R B	ANC		8	10	18	
Clr Maqwane L	ANC		8	12	20	
Clr Marekoa-Kodongo Boipelo Brillind(Me)	ANC		10	12	22	
Clr Mashishi-Ntsime Joyce Itumeleng(Me)	ANC		9	9	18	
Clr Masilo Q S	ANC		9	11	20	
Clr Matabane E	ANC		8	8	16	
Clr Mataboge Amos Lekgotla (Mr)	ANC		9	11	19	
Clr Mhlungu Sikambuso Benjamin Michael	ANC		9	9	18	
Clr Miny C	DA		9	9	18	
Clr Mmolotsi C N	DA		9	7	16	
Clr Mutle Glen Michael	ANC		7	5	12	
Clr Mogotsi M M	ANC		9	8	17	
Clr Mohube M M	DA		7	8	15	
Clr Mokgotlhwe S E	ANC		8	6	14	

Councillor	Political Representation	Ward or Proportional Representation	Council Meetings		Attendance of each Councillor	
			Ordinary	Special	Total no of meetings	No. of meetings attended
Clr Mokowe Ntswaki Emily	ANC		8	10	18	
Clr Molatlhegi Pako Rueben (Mr)	Independent		4	3	7	
Clr Molefe Michael Mogorosi	ANC		5	7	12	
Clr Mosome Papaki David	ANC		7	10	17	
Clr Motlhamme D	ANC		9	9	18	
Clr Motlhasedi Rosinah Kgomotso (Me)	ANC		8	10	18	
Clr Motshegwe Sanah Mmule(Me)	ANC		9	9	19	
Clr Motsoadi Phenia Medupe(Mr)	ANC		8	10	18	
Clr Mtjotja E Bernard	ANC		8	10	18	
Clr Mpengu Mina Lisiwe(Me)	ANC		8	12	20	
Clr Mputle Gaongalloe Jeremiah	ANC		8	10	18	
Clr Mzizi J	ANC		4	2	6	
Clr Ndlovu A	ANC		3	5	8	
Clr Ntshole M	ANC		7	6	14	
CLlr Nyathi N.J,	ANC		4	1	5	
Clr Nqcinelo F	ANC		4	3	7	
Clr Omarjee M	DA		9	10	19	
Clr Phiri Jarnett Mofolo(Mr)	ANC		9	11	20	
Clr Phologane A P M(Mr)	ANC		7	9	16	
Clr Pitsoe D I (Me)	ANC		7	11	18	
Clr Poopedi J M	ANC		7	10	17	
Clr Putu N	ANC		6	7	13	
Clr Ramatlapeng	ANC		4	3	7	
Clr Segale M	ANC		9	11	20	
Clr Segaole Benny (Mr)	ACDP		9	9	18	
Clr Segoai S S	COPE		6	6	12	
Clr Sephai Johannes Lebogang(Mr)	ANC		9	10	19	
Clr Sepotokele M	ANC		8	12	20	
Clr Serongoane PH	ANC		7	11	18	
Clr Smith Louisa Johanna (Me)	DA		9	10	19	
Clr Tlhapi G V	ANC		8	9	17	
Clr Tlhapi Percy Phistus	ANC		5	7	12	
Clr Tsamai Agnes (Me)	DA		7	9	16	
Clr Tsienyane P	ANC		8	9	17	
Clr Tsitsi Aubrey Frederick(Mr)	ANC		6	3	9	
CLlr Van Der Waal			1		1	
CLlr Vosloo J			8	6	14	
Clr Willemse M	ANC		9	11	20	

#### APPENDIX B: COMMITTEES AND COMMITTEE PURPOSE

## Section 79 Committees

No.	Name of Committee	Purpose of Committee	Names of Councillors Serving on the Committee	Attendance of each Councillor	
				Total no of meetings held	No. of meetings attended
1.	Rules of Order	To regulate the internal arrangements, business and proceedings, establishment, composition, procedure, powers and functions of its Council and Committees and to provide for matters incidental thereto	ClrMarekoa B B	1	1
			ClrBisschoff E J	1	1
			Clr Coetzee D	1	1
			ClrKgaladi P	1	1
			ClrLetlhoo M D	1	1
			ClrMokowe N E	1	1
			ClrMotlhamme M D	1	1
			ClrSegaole A B	1	1
			ClrSegoai S S	1	1
			ClrSepotokele M	1	1
			ClrTlhabi G V	1	1
			ClrTsamai A	1	1
2.	Performance Audit Committee	To advise and assist Council, Management and Internal Audit on improving the quality of accounting and internal control functions and to strengthen the credibility of financial reporting	Mogotsi I.S	1	1
			Mr. Mokwepa S	1	0
			Mr. Martiz P	1	0
			Ntshiea E.M	1	0
			Mr. Letsoane A	1	0
			Ms Jamile M	1	0
			Tjale A	1	1
			Ms Motlhabane	1	1
3.	Local Labour Forum	To provide a framework within which employees and their trade unions, employers and employer's organisations can collectively bargain to determine wages, terms and conditions of employment and other matters of mutual interest			
			ClIr Habi S	4	2
			ClrKgaladi P	4	1
			ClrLetlhoo M D	4	3
			Clr baloi D J	4	2
			ClrMhlungu S B M	4	2
			ClrPhiri J M	4	2
4.	Municipal Public Accounts Committee	To provide oversight over the executive obligations of Council and administration	ClrSepotokele M	4	2
			<b>ClrPhiri J.M</b>	0	0
			ClrBisschoff E J	0	0
			ClrBothomane P	0	0
			ClrChauke O	0	0
			ClrDlunge W	0	0
			ClrMantsho R B	0	0
			ClrMakopo T	0	0
			ClrMokowe E	0	0
			ClrMokgotlhe S.E	0	0
			Clr Ndlovu A	0	0
			ClrPutu J	0	0
5	Land Tribunal Management		ClrSepotokele M.	0	0
			Tsamai A	0	0
			Segale M	3	3
			Malebana- Metsing P.I.R	3	2
			Mataboge A.L.	3	3

No.	Name of Committee	Purpose of Committee	Names of Councillors Serving on the Committee	Attendance of each Councillor	
				Total no of meetings held	No. of meetings attended
			Makhutle	3	0
6	Ward Delimitation Committee		<b>Clr BB Marekoa-Kodongo</b>		
			ClrBisschof EJ		
			ClrKgaladi L.P		
			ClrKhunou P.		
			ClrLetlhoo M.D		
			ClrMabale-Huma SSK		
			ClrMhlungu SBM		
			ClrSegaole B		
			ClrSegoai SS		
			ClrSephaiJI		
			ClrSepotokele M		
			ClrSerongoane H		
			ClrTsamai A		
			ClrVosloo JM		

### Section 80 Committees

No.	Name of Committee	Purpose of Committee	Names of Councillors Serving on the Committee	Attendance of each Councillor	
				Total no of meetings held	No. of meetings attended
1.	<b>Budget &amp; Treasury</b>	<b>Provide portfolio responsibilities on issues of income, expenditure, budgeting, risk management and auditing</b>	Mabale-Huma SSK (MMC)	<b>8</b>	<b>7</b>
			Beukes E	8	5
			Bisschoff E J	8	7
			Dlunge W	8	5
			Makhutle M P	8	8
			Malan A	<b>8</b>	1
			Mantsho R.B	8	7
			Masilo Q S	8	7
			Motsoadi P	8	5
			Mputle GJ	8	5
			Mutle G	<b>8</b>	5
			Ntshole MA	8	2
			Phologane A PM	8	5
			Pitsoe DI	8	6
			Poopedi JM	8	6
			Smith L J	8	8
			Tsamai A	8	4
			Tsitsi A	8	2
2.	Corporate Support Services	Provide portfolio responsibilities on issues of human resources, administration and information and technology	<b>Pitsoe D I (MMC)</b>	4	1
			Babe N B	4	2
			Chauke O	4	0
			Baloi D J	4	2
			Masilo Q S	4	2
			Mohube M	4	2

No.	Name of Committee	Purpose of Committee	Names of Councillors Serving on the Committee	Attendance of each Councillor	
				Total no of meetings held	No. of meetings attended
			Motlhamme D	4	2
			Mtjotjywa E B	4	2
			Mutle G M	4	0
			Ngoato J	4	0
			Omarjee M	4	1
			Segale M	4	4
			Segaole B	4	3
			Tlhapi P P	4	3
3.	Community Development	Provide portfolio responsibilities on issues of health services, community facilities and library and information management.	<b>Mhlungu S B M (MMC)</b>	3	1
			<b>Pitsoe D</b>	3	2
			Bisschoff E J	3	3
			Mmolotsi C N	3	3
			Mogotsi M M S	3	2
			Motlhasedi R	3	3
			Motshegwe S	3	3
			Omarjee M	3	3
			Sepotokele M	3	3
			Smith L J	3	3
			Tlhapi G V	3	3
			Tsienyane P	3	3
			Baloi DJ	3	0
4.	Technical and Infrastructure Services	Provide portfolio responsibilities on issues of electricity, water and sanitation, waste management, roads and stormwater and mechanical engineering	<b>Mpengu M L (MMC)</b>	7	4
			Bisschoff E J	7	5
			Boddenstein M	7	0
			Du Plessis G	7	5
			Dibetsoe-Nyathi J	7	1
			Lombard A	7	4
			Makopo T	7	0
			Makhaula V	7	3
			Mantsho RB	7	2
			Miny C	7	7
			Motsoadi P	7	4
			Mtyotywa E	7	4
			Mzizi J	7	4
			Ramatlapeng I E	7	1
			Phologoane AP	7	2
			Tlhapi PP	7	3
			Tsitsi A	7	1
5.	IDP, Performance Management, Legal & Valuation	Provide portfolio responsibilities on issues of IDP, performance management, legal and valuations and internal auditing	<b>Makhaula V (MMC)</b>	2	2
			Malebane-Metsing PIR	2	1
			Mantsho R B	2	1
			Miny C	2	2
			Mogotsi M M S	2	1
			Mmolotsi N	2	2
			Mputle G J	2	2
			Ntshole M A	2	1
			Tsitsi A	2	2
			Segaole B	2	1
6.			<b>Malebane-Metsing P I R</b>	2	1

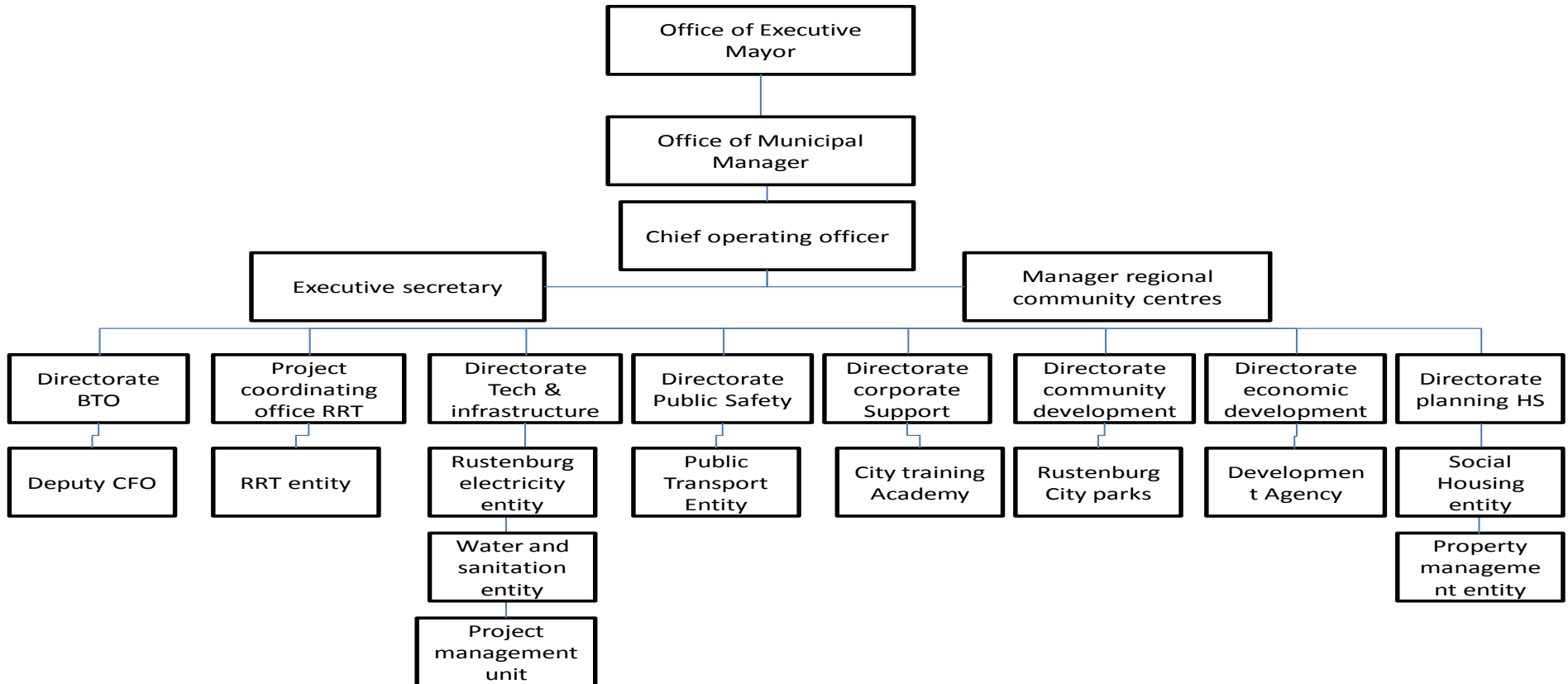
No.	Name of Committee	Purpose of Committee	Names of Councillors Serving on the Committee	Attendance of each Councillor	
				Total no of meetings held	No. of meetings attended
	Local Economic Development	Provide portfolio responsibilities on issues of enterprise development, SMME support, industrial development/manufacturing, LED projects, arts, culture and heritage development, tourism development and marketing, agriculture and rural development and research and development	Bodenstein M	2	2
			Chauke O R	2	0
			Lekoro B	2	1
			Malan A	2	0
			Matabane E	2	2
			Mokgotlwe S E	2	1
			Molatlhegi R P	2	0
			Motlhasedi R	2	2
			Motsoadi P	2	1
			Mzizi J	2	1
			Septhai J	2	2
			Segoai S S	2	2
			Willemse M.J	2	2
			Wolmarans M	2	0
7.	Planning, Human Settlement & Transport	Provide portfolio responsibilities on issues of environmental management, housing provision, building control, development planning and estates administration	<b>Mataboge A L</b>	2	2
			Bisschoff E J	2	2
			Coetzee M	2	2
			Habi S	2	1
			Makhutle M P	2	1
			Makhaula V	2	1
			Malebana-Metsing PIR	2	1
			Ramatlapeng E	2	1
			Mashishi-Ntsime J	2	1
			Mohube M M	2	1
			Mokowe N E	2	2
			Mputle GJ	2	1
			Ndlovu A	2	0
			Segale M	2	2
			Septhai J L	2	2
			Vosloo J M	2	1
8	Public Safety	Provide portfolio responsibilities on issues of emergency, disaster management, road traffic management and by-law enforcement	<b>Kgaladi L P (MMC)</b>	4	4
			Dlunge W	4	4
			Du Plessis G	4	4
			Makhaula V N	4	3
			Makhutle M P	4	2
			Makopo T	4	1
			Malinga	4	1
			Mangweni M	4	0
			Molatlhegi RP	4	0
			Molefe MM	4	1
			Mosome P D	4	3
			Morei C	4	0
			Mtyotywa EB	4	1
			Poopedi J M	4	4

No.	Name of Committee	Purpose of Committee	Names of Councillors Serving on the Committee	Attendance of each Councillor	
				Total no of meetings held	No. of meetings attended
			Smith L J	4	4
			Tsamai A	4	3
			Vosloo JM	4	0



## APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE (INCLUDING MUNICIPAL ENTITY)

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## APPENDIX D: FUNCTIONS OF THE MUNICIPALITY/ENTITY

The appendix covers what constitutes the municipal functions, municipality to indicate which function is applicable to it or their entity. In case of a local municipality it can also discuss functions performed by the District and vice versa.

According to the Constitution, Section 156 (1) A municipality has executive authority in respect of, and has the right to administer the local government matters listed in Part B of Schedule 4 and Part B of Schedule 5; and any other matter assigned to it by national or provincial legislation

Schedules 4 and 5 of the Constitution

<b>SCHEDULE 4 Part B</b>	<b>SCHEDULE 5 Part B</b>
<i>(Over which national and provincial government have concurrent legislative competence)</i> <i>Air pollution</i> <i>Building regulations</i> <i>Child care facilities</i> <i>Electricity and gas reticulation</i> <i>Fire fighting services</i> <i>Local tourism</i> <i>Municipal airports</i> <i>Municipal planning</i> <i>Municipal health services</i> <i>Municipal public transport</i> <i>Municipal public works (only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under the Constitution or any other law)</i> <i>Pontoons</i> <i>Ferries</i> <i>Jetties</i> <i>Piers and harbours (excluding the regulation of international and national shipping and matters related thereto)</i> <i>Stormwater management systems in built-up areas</i> <i>Trading regulations</i> <i>Water and sanitation services (limited to potable water supply, domestic waste water and sewage disposal systems)</i>	<i>(Over which provincial government has exclusive legislative competence)</i> <i>Beaches and amusement facilities</i> <i>Billboards and the display of advertisements in public places</i> <i>Cemeteries, crematoria, and funeral parlours</i> <i>Cleansing</i> <i>Control of public nuisances</i> <i>Control of undertakings that sell liquor to the public</i> <i>Facilities for the accommodation, care and burial of animals</i> <i>Fencing and fences</i> <i>Licensing of dogs</i> <i>Licensing and control of undertakings that sell food to the public</i> <i>Local amenities</i> <i>Local sport facilities</i> <i>Markets</i> <i>Municipal abattoirs</i> <i>Municipal parks and recreation</i> <i>Municipal roads</i> <i>Noise pollution</i> <i>Pounds</i> <i>Public places</i> <i>Refuse removal</i> <i>Refuse dumping and solid waste disposal</i> <i>Street trading</i> <i>Street lighting, traffic and parking</i>

Section 83 (1) of the Municipal Structures Act stipulates that: “A municipality has the functions and powers assigned to it in terms of sections 156 and 229 of the Constitution”. Subsection (2) stipulates that: “The functions and powers referred to in (1) above must be divided in the case of a district municipality, as set out in this Chapter”.

Directorate	Powers from the Allocated Carried out	Performed/ Not Performed
<b>Community Development</b>	Municipal Parks and Recreation Cemeteries and Funeral Parlours Local Amenities Local Sports Facilities Public Places Cleansing Municipal Abattoir Fencing and Fences	P P P P P P NP NP
<b>Public Safety</b>	Control of Public Nuisance Fire Fighting Municipal Public Transport (only with regard to taxis) Traffic and Parking Noise Pollution Public Places Licensing of Dogs Municipal Airports Pounds	P P P P P P NP NP P
<b>Planning and Human Settlement</b>	Municipal Parks and Recreation Air Pollution Building Regulations Public Places	P P P P
<b>Technical and Infrastructure Development</b>	Municipal Public Works Water Sanitation Street Lighting Refuse Removal Solid Waste disposal Municipal Roads Electricity Regulations Storm Water Fencing and Fences Municipal Airports	P P P P P P P P P NP NP
<b>Local Economic Development</b>	Local Tourism Street Trading Licensing and control of undertakings that sells food to the public Control of Undertakings that sells Liquor to the Public Trading Regulations Billboards and display of Adverts Municipal Airports Local amenities Markets	P P P NP NP P P NP P P NP
<b>Office of the Municipal Manager</b>	Municipal Planning	P

### **Powers and Functions of the municipal entity**

The main function of the Rustenburg Water Service Trust inter alia is to procure the design, construction, implementation, operation and maintenance of the Boitekong Waste Water Treatment Works, the Bospoort Purification Plant and the Rustenburg Waste Water Treatment Works in the most cost effective manner and for the purposes of maximising the Trust Income to be distributed to the beneficiary.

## APPENDIX E: WARD REPORTING

### WARD COMMITTEES ROLE AND FUNCTIONS

From a broader view of community participation, the legislation on local government set clear mechanism for the establishment of the ward committees as a structure to liaise with the municipalities. Establishing ward committee is currently not mandatory for municipality and thus not all municipalities have to have them. However legislation makes it mandatory for municipalities to develop mechanism to consult and involve communities in the affairs of the municipality and its processes.

Municipalities are obliged to develop lasting and successful model by ensuring that participation takes place through these established structured and as are institutionalized. They are creation of legislation, the Municipal Structure act, giving effect to the Constitution of the South Africa. Ward Committees are a part of local government and an important way of achieving the aims of local governance and democracy as mentioned in the constitution,1996.these structures are a committee of not more than 10 members of a ward and ward councillor is the chairperson.

Its role is to facilitate participatory democracy; disseminate information; help rebuild partnership for better service delivery; and assist with problems experienced by the people at ward level. A general understanding has emerged that ward committee is an area based committee whose boundaries coincide with the boundaries. Ward committee resource book (2005:20) provide this information of a particular ward:

- Are made up of representatives of a particular ward
- Are made up of members who represent various interests within a ward
- Are chaired by the Ward Councillor
- Give the community members the opportunity to express their needs, opinions on issues that affect their lives and to have them heard at the municipal level via ward councillor
- Are advisory bodies created within the sphere of the community to assist the ward in carrying out his or her mandate in the most democratic manner

Ward No	Surnames	Names	Contacts	Sector
1	Matinyane	Emily	0738321227	Women
	Mafora	Daniel	0730776409	Community
	Manenzhe	Agnes	0836066071	Youth
	Nkashe	Rose	073393431	Business
	Myamane	Dudu	0792356646	Civil Society
	Nkosi	Silvano	0735591403	Business
	Motlhabi	Sophy	0785174221	Religion
	Semakane	Daphney	0826744895	Community
	Padi	Kagiso	0725413105	Disability
	Modisane	Tshepang	0738332487	Community
	Clr Mzizi	Jacob	0736660161	
2	Simelane	Moses	0837172492	Community
	Botele	Thabo	0839762411	Youth
	Sekale	Orphinah	0825089522	Community
	Nthuping	Lebogang	0846134551	Community
	Molosi	John	0730601218	Sports
	Mane	Virginia	0718073192	Women
	Mekgwe	Doctor	0738662988	Business
	Ikaneng	Martha	0743707645	Civil Society
	Motene	March	0826808803	Disability
	Rabaji	Darius	0722110893	Religious

	CLR S.B.M Mhlungu		0825523078	
3	Rantho	Maggy	0785645739	Business
	Mama Tau	Louis	0832316417	Women
	Kau	Frederich	0783195717	Civil Society
	Rapoo	Irish	0736995463	Youth
	Mputle	Solly	0718423939	Religious
	Tsitsi	Dikeledi	0744655605	Community
	Zipporah	Thipe	0730190423	Community
	Setuke	Zacharia	0835993779	Disability
	Kgabe	Sylvia	0763128139	Community
	Khunou	Molefi	0788366729	Traditional
	Clr Tsitsi	Aubrey	0837017280	
4	Nameng	Rosina	0767573774	Youth
	Pitsoe	Bongo	0825364911	Business
	Francinah	Mvala	0731752911	Women
	Tlhapane	Thuso	0739825880	Traditional
	Rathuloane	Martha	0720885516	Business
	Selomane	Mathapelo	0769594687	Community
	Mokuoa	Nonosa	0829641015	Community
	Diphoko	Kgomotso	0729173138	Religious
	Kgatitso	Mapula	0781748920	Community
	Clr Sephai	Lebogang	0837082501	
5	Senne	Isaac Sonto	0732535933	Disability
	Senne	Annah	0827316492	Traditional
	Ditsele	Eunice	0761411352	Women
	Irine	Mogane	076719-0217	Community
	Pooe	Seipati	0735721772	Religious
	Petlele	Dolly	0731753495	Civil Society
	Phale	Richard	0721448648	Community
	Ramadiro	Keaoleboga	0781318931	Community
	Mbhele	Thulane	0712636559	Youth
	Ditsi	John Nicholas	0733775111	Community
	Clr D.I Pitsoe		0716753452	
6	Magano	Freda	0726756587	Women
	Lesunye	Constance	0822213029	Religious
	Mofokeng	Alinah	0835699417	Community
	Kwinda	Kenalemang	0783334438	Community
	Matabane	Simon	0781100818	Disability
	Tshoagong	Tsholofelo	0720934487	Traditional
	Motsisi	Kutlwano	0736282452	Community
	Molefe	Keneilwe	0793965148	Business
	Moteane	Tshepo	0783696958	Youth
	Mmane	Bogopane	0722228816	Civil Society
	Clr Malinga			
7	Letupu	Nicolas	0791102802	Community
	Molapisi	Koketso	0730177265	Youth
	Moatshe	Kabelo	0732275597	Business
	Tleane	Moruel	0786600461	Women
	Mokgatlhe	Obed	0736294933	Civil Society
	Ramorwa	Pogiso	0728189281	Community
	Mwawa	Ntosi	0726221456	Community
	Senne	Itumeleng	0827053819	Religious
	Pule	Selebaleng	0780200844	Community
	Mputle	Stanley	083893880	Community

	Clr P.M Motswadi		0828407929	CLlr
8	Mabe	Tebogo	0764924943	
	Motshegwe	Simon	0729598044	Business
	Tlhabane	Kgomodile	0822901637	Education
	Molefe	Lydia	0726186492	Women
	Makhele	David	0734761719	Civil Society
	Makhele	Florina	0834675245	Community
	Mokgatlhe	Juliet	0738788765	Community
	Kose	Amos	0718939040	Community
	Moilola	Vincent	0718428721	Youth
9	Mataboge	Patrick	083 761 0222	Business
	Mutle	Glen	072 198 1111	CLlr
	Montshedi	Johanna	078 555 5416	Women
	Kubyaane	Phillee	073 867 2874	Community
	Phasha	Phistos	076 885 3743	Community
	Malapile	Bachipile	073 928 1833	Civil Society
	Lekwape	Makie	078 541 9019	Youth
	Mokwena	Maria	073 770 0148	Disability
	Phiri	Jaconia	072 303 3731	Community
	Pitse	Solomon	079 101 4240	Community
10	Mooketsi	Daniel	0763049745	Youth
	Maise	Poppy	0727921033	Community
	Dada	Mavis	0733720701	Community
	Mothuloe	Anna	0761564407	Community
	Foko	Gertrude	0845705626	Community
	Parafin	Fezile	0725506403	Disability
	Diale	Oupa	0781912309	Civil Society
	Setshedi	Phillip	0846408893	Religious
	Selope	Moeder	0603505335	Women
	Mashasha	Violete	0840526100	Community
	Willemse	Marria	0840526100	CLlr
11	Mantswe	Lebogang	0834840069	Youth
	Malope	Lucky	0742064434	Community
	Mutloane	Annie	0796224416	Community
	Msikeni	Nomthandazo	0734843809	Community
	Tlhogwe	Richard	0785857373	Disability
	Matabane	Phillip	0710634089	Religious
	Masoke	Neo	0729855669	Community
	Malatjie	Stayn	0780092243	Disability
	Tlhowe	Nkefi	0728448243	Women
	Mosele	Lucas	0723522354	Business
	Tlhapi	Percy	0836229675	CLlr
	Bogatsu	Primrose	0718742363	Cdw
12	Ngwato	Joseph	0792443551	Community
	Rannyadi	Evelyn	0832169421	Community
	Brian Edia	Mashilo	0712053147	Youth
	Lekadile	Esther	0730088791	Women
	Montwedi	Kgomotso	0712528236	Civil Society
	Mogopodi	Caroline	0713262235	Community
	John	Khumalo	0718232877	Business
	Chauke	Joseph Kopano	0838912550	Community
	Gakeitumele	Patrick	0721718122	Community
	Pitse	Lebogang	0710348934	Community
	Clr Dj Baloyi		0828098952	CLlr

13	Mmakau	Mmamolete	0786436689	Women
	Selaledi	Agnes	0730296054	Women
	Matlhatsi	Neo	0784739043	Community
	Malekutu	Mathews	0726312775	Civil Society
	Pitso	Mabeleng	0829541948	Community
	Boom	Jane	0762611903	Community
	Jonas	Melody	0784941844	Community
	Diale	Eva	0721555353	Community
	Senokwane	Lebogang	0731363200	Community
14	Kekae	Moses		Community
	Hattingh	Braam	0845110151	Community
	Bezuidenhout	Attie	0145926533	Community
	Meyer	Annette	0825559865	Community
	Meyer	Jak	0827791810	Community
	Van Heerden	Jakes	0828059252	Community
	Greyling	Danie	0846021086	Community
	Dannis	Arlett	0748908093	Community
	Phillips	Cheryl		Community
	Steyn	Elize	0724360058	Community
	Du Plessis	Gert	0827371650	Cllr
15	Wentzel	Willie	0824724678	Community
	Miny	Lettie	0834446495	Community
	Schoombee	Rene	0829409957	Community
	Von Mollendorf	Antoinette	0824666290	Community
	Coetzee	Martin	0824523463	Community
	Child	Meisie	0837080540	Community
	Mpipi	Thomas	0736361545	Community
	Coetzee	Marian	0824555012	Community
	Van Rensburg	Ockert	0723773051	Community
	Sevenster	Chrissie		Community
	Clr C.F Miny	Chris	0828785964	Community
	Pr Clr E. Beukes	Ernie	0845807462	Cllr
16	Ferreira	L.H	0726628498	Community
	Bosman	L	0842995669	Community
	Gowland	J	0737978785	Community
	Turner	A	0720155166	Community
	Smith	G	0832507554	Community
	Hartley	B.M	0719516471	Community
	Hartley	H.C	0823575882	Community
	Last	C	0828042147	Community
	Bisschoff	I.J	082 5760909	Community
	Zoliswa	N	0826024267	Community
17	Ala	Alan		Cllr
	Van Geems	Linda		Community
	Gibb	Tonny		Community
	Watschon	Ansie		Community
	Watschon	Watschon		Community
	Duffield	Alta		Community
	Grove	Naas		Community
	Stadler	Christel		Community
	Malan	Pieter		Community
	Briers	Rozanne		Community
18	Thebe	Diamond	0788894827	Community
	Kubheka	Thili	0835452926	Women



	Nyamane	Patricia	0835218645	Community
	Ramohlokoane	Elsie	0832487850	Community
	Moale	Anna	0729280507	Community
	Bezuidenhoud	Rachel	0823625421	Community
	Vosloo	Magrieta	0825601031	Community
	Voster	Christo	0829357802	Community
	Nel	Kosie	0825637725	Community
	Bulbulia	Ahmed	0832310474	Business
	Clr Vosloo			
	Ally	Aasif	0833248955	Business
19	Setsibe	Itumeleng	0793259098	Civil Society
	Matenche	Sarel	0798817060 / 0847640621	Community
	Moitsheki	Patricia	0733308204	Community
	Masokwane	Vincent	0736395142	Community
	Mabele	Robert	0780132135	Community
	Sheta	Rachel	0735831346 / 0730637441	Community
	Malekanyo	Mabel	0733880894	Community
	Rapoo	Thapelo	0712485246	Community
	Moreo	Boitshoko	0731650299	Community
	Ramoroka	Lorraine	0846447109	Disability
20	Bogacwi	Lillian	0724681621	Women
	Metlhaleng	William	0724320187	Community
	Tlou	Edward	0792189957	Community
	Van Rooyen	Barbara	0735787493	Community
	Qweleza	Phillemon	0768219603	Community
	Ramosidi	Kgabi	0783759243	Community
	Mahlasela	Tshepo	0727782233	Youth
	Ndovu	Kefiloe	0737260422	Business
	Sithole	Margaret	0734819076	Community
	Monthosi	Francinah	0730913680	Community
	Clr Coetzee	David	0824010799	
21	Bogosi	Teko	072 085 2778	Community
	Lesejane	Johanna	073 456 6874	Community
	Lewane	Stephinah	073 438 5942	Community
	Masisi	Masego	083 623 2280	Community
	Matshwe	Modise	084 901 2993	Youth
	Mmekwa	Sydney	073 890 8888	Civil Society
	Molefe	Lisbeth	078 243 6031	Community
	Moselakgomo	Alfred	073 772 2329	Community
	Motswasele	Herminal	073 830 3257	Community
	Thutlwa	Nceba	082 080 3432	Community
22	Poswa	Albertina	073 442 8562	Community
	Mosinyage	Patricia	076 257 8859	Community
	Pelesi	Lizel	071 308 8831	Community
	Lebepe	Eric	076 788 0643	Community
	Nkosi	Joyce	076 464 9807	Community
	Ncapai	Zwelidinga	074 537 2361	Community
	Makinita	Happy	072 978 9648	Business
	Matsi	Kelebilemang	078 757 5134	Community
	Moalusi	Molly	071 998 3264	Civil Society
	Motlhaloga	Honey	084 272 5338	Women
	Maqwane	Lp	073 7072 355	Cllr

23	Motlhabane	Obed	073 477 9141	Community
	Modise	Isaac	084 734 2762	Community
	Motloba	Pitse	082 813 6062	Community
	Shezi	Maureen	076 834 7344	Women
	Makhaula	Nomaveli	076 653 2442	Community
	Thibela	Elizabeth	072 966 7870	Community
	Rakgokong	Boitumelo	076 646 6028	Community
	Mashele	Ernest	072 767 6398	Disability
	Mahube	Joseph	084 272 5338	Community
	Motang	Jafta	082 734 7583	Youth
	Makhaula	Victoria	076 5593114	Cllr
24	Mbelekoane	Elvis	076 844 1203	Community
	Autata	Grace	082 762 2901	Community
	Macamba	Jeanett	078 296 8527	Community
	Moisi	John	072 674 6156	Youth
	Khuduge	Portia	078 715 2531	Community
	Mangcotywa	Sarah	071 743 9356	Community
	Jikeka	Phindiso	078 396 2838	Community
	Chiliba	Lydia	073 937 0446	Women
	Thapelo	Vincent	084 367 9416	Civil Society
	Tshigeng	Kgaugelo	073 496 4433	
25	Moremi	Ruth	072 157 1954	Community
	Sohaba	Percy	079 074 2491	Community
	Tshelane	Thabiso	071 228 5800	Community
	Lebelo	Kgomotso	073 800 5259	Community
	Mokonyama	Lloyd	071 408 1890	Community
	Seripe	Reuben	079 710 1269	Community
	Matsila	Salthiel	072 821 1754	Community
	Mfuloane	Bethuel	082 097 7857	Community
	Mosito	Susan	078 814 8212	Community
26	Abraham Mabiletsa	Susan	073 483 3285	Religious
	Kgaladi	Margaret	083 599 6194	Community
	Molapisi	Peter	071 142 2813	Community
	Maselane	Peter	078 110 9025	Community
	Mafoko	Poppie	082 637 0003	Community
	Mabuza	Sibusiso	072 450 5402	Community
	Molefe	Sophy	073 647 2261	Community
	Letlape	Levy	071 793 9144	Civil Society
	Mosoeu Solly	CLLR	076 707 6462	Community
	P.L Kgaladi		082 5463878	Cllr
27	Tsetse	Abednigo	071 463 2553	Community
	Molantoa	Elizabeth	073 013 6544	Women
	Masedi	Matshediso	083 470 7179	Women
	Khumalo	Dorah	082 955 5222	Women
	Mosiane	Jack	073 944 6996	Community
	Molokwane	Magdelinah	079 932 2704	Community
	Mafusi	Joyce	078 791 6028	Community
	Moemi	Kaizer	072 018 0810	Community
	Mmusa	Nathaniel	079 835 7390	Community
	Pholusi	Jack	082 765 9166	Community
29	Phalatse	Maria	0730189826	Community

	Mashishi	Christine	082 627 6987	Community
	Mpuru	Josphina	071 123 4383	Community
	Nchoshosho	Joseph	071 442 0488	Business
	Dibetswe	Lebogang	076 256 7582	Community
	Petlele	Jacob	074 376 4748	Religious
	Marwale	Collen	071 162 5959	Community
	Pule	Sekese	078 107 8451	Community
	Molefi	Sydney	073 154 3458	Community
	Thage	Ivonne	076 023 6346	Women
30	Monageng	Victor	073 987 8122	Community
	Setlodi	Jacobeth	082 869 9140	Community
	Morolong	Lerato	084 0431078	Community
	Maila	Joseph	073 899 8433	Traditional
	Mokhutswane	Dinah	083 758 5387	Community
	Tshukudu	Gauta	078 359 1599	Youth
	Marima	Johanna	072 278 7058	Women
	Sikoe	Solly	071 690 1783	Religious
	Mahube	Theressa	082 072 2206	Community
	Mosito	Lydia	084 469 7077	Community
	Matabane	E.B	0738150811	Cllr
31	Thusi	Nteseng	084 832 4148	Community
	Mokwele	Julia	079 404 6219	Business
	Molepolle	Esther	079 585 6790	Community
	Mphala	Oldrina	072 097 9757	Community
	Nyamoswa	Grace	078 951 6029	Community
	Skosana	Nancy	079 141 8236	Community
	Shomang	Vuyiswa	071 000 1054	Women
	Mothiba	Edgar	072 887 5699	Youth
	Solani	Eric	072 988 3208	Community
	Masibi	QI	071 845 4905	Community
32	Rathaga	Jonas	071 238 4837	Business
	Koikoi	Virginia	079 588 5486	Community
	Mathebula	Collins	072 285 9643	Community
	Mogapi	Eunice	078 737 9636	Youth
	Chali	Sabatha	078 310 6679	Community
	Macokocoko	Nomxoliso	072 316 6077	Community
	Ncheche	Thabo	076 064 3164	Community
	Mondleni	Eric	083 546 0091	Community
	Legodi	Lena	076 365 3757	Women
	Serowe	Obed	076 639 3896	Sports
33	Cllr Molefe	Michael	072 114 0042	
	Ngqinelo	Fundisile	078 543 0697	Community
	Tyabula	Phumzile	072 480 4064	Women
	Kholisile	Zoleka	078 261 3962	Community
	Gxikimani	Miselwa	071 811 8110	Community
	Mathebula	Rito	078 642 6287	Community
	Khunou	Ferd	078 577 6793	Disabilty
	Khunou	Oupa	073 881 5492	Civil Society
	Morapedi	Maria	072 265 7469	Community
	Morapedi	Naleseng	073 244 9431	Community
34	Manamathela	Lindile	073 529 8321	Community
	Setshedi	Bogosi	083 876 3555	Community

	Glandile	Ziselwa	073 455 1027	Community
	Mbotho	Andile	073 607 9594	Youth
	Mjanyelwa	Ndileka	072 425 2607	Civil Society
	Fonyelwa	Nomveliso	078 027 9786	Community
	Senza	Willington	076 686 5218	Community
	Sebaeng	Malebo	073 078 2964	Community
	Kgotleng	Lawrence	078 348 8201	Community
	Choeenemang	Virginia	073 690 1155	Women
35	Mokhwae	Thapelo	0825930436	Community
	Lebelo	Maria	0724969436	Women
	Ndou	Lucky	0782600672	Youth
	Klaas	Evelyn	0838578950	Community
	Mashava	Hasani	0847077145	Community
	Rikhotso	Shavela	0783834982	Community
	Mangaula	Liile	0732760135	Civil Society
	Mazendala	Eric	071 3541594	Community
	Dastile	Linda	0827628594	Community
	Mqanqeni	Virginia	0730571360	Community
	Clr Putu	Nj	0735227662	
36	Mogale	David	072 182 9647	Youth
	Ramogari	Kgosinkwe	079 454 5514	Community
	Dirulelo	David	079 932 0706	Community
	Mantsho	Babua	083 330 4492	Community
	Seabelo	Victor	076 248 9181	Community
	Shabalala	Kefiloe	073 178 5761	Women
	Swartbooi	Mpho	079 456 1115	Community
37	Ramodia	Tsholofelo	0730887567	Women
	Selwane	Edward	0735273805	Community
	Maunamele	Ezekiel	0711685579	Community
	Xhinele .Z.		0734100753	Civil Society
	Dlunge	Welcome	0717902285	CLlr
	Resele	Neo	0782779079	Community
	Maselenyane M.J.		0737285377	Community
38	Ngqola	Nonkululo	073 378 8730	Women
	Magwebu	Xolisile	078 968 3451	Community
	Motha	Themba	083 496 4749	Community
	Cekiso	Zamicebo	078 365 0130	Civil Society
	Monnanyana	Julius	079 484 7743	Community
	Pheko T.S		076 104 1681	Community
	Molefe	Itumeleng	072 399 6414	Community
	Peter Zanyiswa		073 254 7421	Community
	Madikizela	Sibongile	083 728 2887	Youth
	Mbali	Sindiswa	073 172 3151	Community

#### CHALLENGES EXPERIENCED AND MEASURES TAKEN TO ADDRESS THEM

Ward	Challenges	Remedial Measures
1 - 38	Functions of ward committees vs other structure in the ward	Capacity building program developed and has been roll out in the first and second quota
	Relationship between ward councillor and ward committee members and their role	Joint workshop has been held between ward councillor and ward committee members to clarify roles and responsibilities

Ward	Challenges	Remedial Measures
	Infrastructure and service delivery related issues	Establishment of ward councillors forum and secretarial forum to address service delivery challenges
	Information and communication on critical government programs and community involvement	The municipality has created a public participation unit and in the process of developing a public participation policy
	Resources ;human resource and financial resources	We have provided them with operational tools e.g. laptops to secretaries; capacity building on minutes and

Wards	Project Name	Start Date	End date	Value	Progress
8, 14, 15, 16, 17, 18 & 37	Upgrading / refurbishment of 33KV Substation	29-Jan-14	2014/15 financial year.	R99 325 000.00	Contractor appointed.
All	Waterval, Regional Waste Disposal Facility Phase 2	22-Nov-12	22-Nov-13	R171 000 000.00	Project completed.
14, 17 & 18	Upgrading of water meters and aged connections - RTB and extensions	29-Nov-13	28-Feb-15	R31 000 000.00	Contractor appointed.
14, 17 & 18	Replacement of water AC pipes - Rustenburg (incl. extensions)	29-Nov-13	28-Feb-15	R20 000 000.00	Contractor appointed.
19,20 & 21	Installation of prepaid / smart meters	Project is still at procurement stage.		R24 000 000.00	The project is still undergoing procurement processes.
37	Seraleng - Roads and Stormwater	18-Aug-11	18-Aug-14	R15 000 000.00	Project is complete.
	<b>TOTAL</b>			<b>R279 783 190.00</b>	

## APPENDIX G: RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE

Date of Meeting	Resolution			
	No.	Details	Adopted by Council	Not Adopted by Council
AUG 2013		Close Out Report	That all the recommendations that were underlined in the Performance Audit Committee Report be implemented with immediate effect in trying to improve the performance of the Municipality. That quarterly report on the implementation of the recommendations be submitted to Council.	
			<b>1. OVERTIME</b> <u><b>Recommendation:</b></u> <ul style="list-style-type: none"> <li>• That reconciliation of overtime be performed on a monthly basis by all stakeholders involved in the overtime process from various directorates to payroll.</li> <li>• That discrepancies be followed up and corrected to avoid recurrence.</li> <li>• That every step of reconciliation be signed off by relevant official to indicate accountability.</li> <li>• A clear segregation of duties (isolation of responsibilities) between the preparation, verification and authorisation of reconciliations should exist.</li> <li>• Overtime paid to employees should be in accordance with applicable policy and legislation (Basic Conditions of Employment Act – BCEA 75 of 1997).</li> </ul>	
			<b>Validation of recorded information</b> <u><b>Recommendation:</b></u> The Municipality should embark on a programme to provide training to all staff members on how to complete timesheets. This should also incorporate the overtime policy and procedures to ensure consistency throughout the municipality. Management (including Directors in different departments) should ensure that all overtime records correspond, including attendance registers, overtime reports, movement of vehicles registers and occurrence books. That officials found to be abusing and defrauding the overtime process be prosecuted without delay.	

		<p><b>Authorisation and processing</b></p> <p><b><u>Recommendation:</u></b> Overtime schedules should not be processed and captured if not approved, authorised and signed by the relevant officials from the department to Human resources. Employees should not perform any overtime work before it is approved by the relevant supervisor The Municipality should upgrade the IT overtime system in use for capturing overtime.</p> <p><b>CONCLUDING REMARKS/RECOMMENDATIONS</b> The Performance Audit Committee re-affirms the Internal Audit recommendation that Management should develop and implement an overtime Policy or Procedure Manual which incorporates the different directorates overtime needs and requirements. The Policy should comply with the required legislation. The Basic Conditions of Employment Act, No 75 of 1997, chapter 2, section 10 states: <i>Subject to this chapter, an employer may not require or permit an employee to work_</i> <i>Overtime except in accordance with an agreement: More than ten hours' overtime a week.</i> The fact that Management did not respond to Internal Audit findings and recommendations re-affirms the Performance Audit Committee's previous reports about lack of Managerial leadership.</p> <p><b>2. PAYROLL AND LEAVE</b> A key responsibility imposed by the Local Government: Municipal Finance Management Act No 56 of 2003 (MFMA), section 62 (1)(c)(i); 65 (2)(a) and 78 (1)(a) on Accounting Officer, senior managers and other officials of municipality to implement and maintain effective and efficient systems of internal control. The implementation of effective and efficient internal controls enables reliable financial management and performance reporting, as well as compliance with laws and regulations and helps the municipality to achieve service delivery objectives, and sustain and improve performance. The Internal Audit Strategic Operational Plan for 2012/2013 financial year required the audit of Payroll and Leave. The overall objective being to assess whether key internal controls within this section were adequate and functioning in an effective and efficient manner.</p> <p><b>Payroll</b></p> <p><b><u>Recommendation</u></b> Management should ensure that control and management of Personnel files is in place, and that access to these files should be restricted to authorised personnel only. Regular verification of the employees' files should be performed by Human Resources to identify if relevant</p>	
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		<p>information is in the files. This will avoid getting missing documents during audits or as and when requested.</p> <p>Management should ensure that information in personnel files relate to and corresponds with information on the Payday system.</p> <p><b>Leave</b></p> <p><b><u>Recommendations</u></b></p> <p>Council should exercise the oversight role in seeing to it that a formal leave policy that will guide administration to manage all types of leave be developed. Council will approve the policy and administration will implement and maintain it. The recommendations on the Internal Audit report, Payroll and Leave, dated 30 May 2013 should be included in the Policy document.</p> <p>The backlog in the capturing and filing of data and leave forms must be addressed urgently by management.</p> <p>Management still do not respond to audit reports submitted to them. Council should take a firm stance on this issue and prosecute those officials.</p> <p>Management should ensure that control over employee's leave is in place.</p> <p>Employees must be forced to take leave. This prevents fraud from occurring and non-compliance with the set collective agreement.</p> <p><b>Policy and Procedure Manual</b></p> <p><b><u>Recommendation:</u></b></p> <ul style="list-style-type: none"> <li>• Council should approve that Management develop, approve and implement a Payroll and Leave Policy and Procedure Manual.</li> <li>• The Policy should contain guidelines on the delegation of authority for approving, authorisation, capturing, and filing of the relevant documents.</li> <li>• The guidelines and recommendations of Internal Audit as it appears on their report, Payroll and Leave, dated 30 May 2013, should be included in the Policy document.</li> </ul> <p><b>CONCLUSION</b></p> <p>As part of audit the municipal system of internal controls is assessed by the Performance Audit Committee to determine the effectiveness in ensuring reliable financial and performance reporting as well as compliance with laws and regulations, which in turn will result in a clean audit which the Rustenburg Local Municipality Council has pledged to achieve by 2014.</p> <p><b>3. INTERIM STOCK COUNT</b></p> <p>The overall objective of the assignment is to confirm the stock on hand at the Municipality's main municipal stores. According to the Local Government: Municipal</p>	
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		<p>Finance Management Act No 56 of 2003 (MFMA), section 63 (1)(c)(i):</p> <p><i>“(1) The Accounting Officer of a Municipality is responsible for the management of the assets of the Municipality, including the safeguarding and the maintenance of those assets.”</i></p> <p><i>“(2) The Accounting Officer must for the purposes of subsection(1) take all reasonable steps to ensure that the Municipality has and maintains a management, accounting and Information system that accounts for the assets and liabilities of the Municipality”.</i></p> <p><b>Audit Findings</b></p> <p>Ineffective controls were noted over the Corvu and Promis IT systems used by the Municipality. The Corvu extract(reporting tool used to extract information from the Promis system for reporting purposes) contained more stock items than the Promis system. The two systems are producing two different reports and discrepancies are discovered, whilst the responsible officer “agree that it is not the first time that our system extracted reports has irregularities”. Some stock items on the reports did not have a cost price allocated to it. This resulted in stock items being listed with R0.00 value. This could result to misstatements of the stock balance in the financial records and reports.</p> <p>Internal controls affecting security at the main municipal store are not functioning effectively. Security cameras, beam sensors and some of the spotlights are not working.</p> <p><b><u>Recommendations</u></b></p> <ul style="list-style-type: none"> <li>• The Performance Audit Committee re-affirms its recommendation that the Municipality obtain the Integrated Management Information System (IMIS) that has analytic capabilities for Decision Support System(DSS) and Executive Information Systems(EIS) that will replace the different systems that are presently being used by the Municipality and are not linked, and produces reports that do not assist much in management reports.</li> <li>• Accurate stock records should be maintained at all times, reflecting stock items at the lowest of cost or net realizable value. Stock adjustments should also be prepared, approved and reported subsequent to each stock take.</li> <li>• The recommendations forwarded by Internal Audit on their report dated 15 April 2013 must be taken seriously and implemented.</li> </ul> <p><b>4. CALL CENTRE</b></p> <p><b><u>Recommendations:</u></b></p>	
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			<ul style="list-style-type: none"> <li>• The format of the timesheets used at the call centre should clearly indicate and separate the morning sign-in(Day shift) and the evening sign-in(Night shift), and should have a separate space for the supervisor's signature.</li> <li>• The Unit Manager should inspect the timesheet every month to ensure that the sectional manager has reviewed and signed off the register weekly. This will ensure that the attendance register has been managed by all concerned officials.</li> <li>• A formal/written report of outstanding complaints should be handed over to next shift and recorded accordingly.</li> <li>• The abuse of overtime by employees during December 2012 should be followed up by the Directorate and affected officials should be prosecuted. This is clear misconduct and/or fraudulent behaviour, which results to financial loss to the municipality.</li> <li>• Supervisors and Managers should manage the timesheets in order to avoid excessive overtime by employees and to comply with the provisions of labour legislation and regulations.</li> <li>• The Timesheet book should be kept in a secure location before and after every shift to avoid employees signing in and out at any time.</li> </ul> <p><b>Calls received and logon system</b></p> <p><b><u>Recommendations:</u></b></p> <ul style="list-style-type: none"> <li>• The complaints register book is the most important document within the Call centre, and should serve as a yard-stick to determine the performance of the centre and should guarantee the existence and importance of the Call centre.</li> <li>• The complaints from the public should be recorded and submitted to relevant directorates. These should be followed up to ensure completion and satisfaction of the complainant.</li> <li>• The supervisor should formally hand over outstanding and open complaints to the new supervisor at the start of a new shift. This will ensure continuity on the work done by the previous shift.</li> </ul> <p><b>Shifts of employees and supervisors</b></p> <p><b><u>Recommendations:</u></b></p> <ul style="list-style-type: none"> <li>• Management should create a formal shift schedule in advance for employees indicating when they are scheduled to work. This will ensure that they stay within their 3-week</li> </ul>	
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			<p>cycles and this must be monitored by the supervisors and unit managers.</p> <ul style="list-style-type: none"> <li>• The supervisor should review the register to verify that the employees record the correct times and to verify whether adjustments are necessary.</li> <li>• Management should create a formal shift schedule for employees indicating when they are scheduled to work, and also create a standby schedule to inform the employees who will be on standby for the specific shift.</li> <li>• Management should create a schedule exclusively for the supervisors to follow. The Unit managers should ensure that supervisors follow the schedule. Cognisance should also be taken that supervisors at the Call centre work different shifts and cannot attend meetings, after their 12 hour shift and still expected to show up for duty in the evening.</li> </ul> <p><b>FINAL REMARKS</b></p> <p>Council should approve that Management takes a firm stance on the issue of taking steps and disciplining officials that tend to ignore their different responsibilities. The Auditor-General's Consolidated General Report on the audit outcomes of Local Government 2010/2011 mentions that "73% of the municipalities showed signs of <i>a general lack of consequences for poor performance.</i>" <b>When officials are not held accountable for their actions, the perception could be created that such behaviour and its results are acceptable and tolerated. This could even make those people that are giving their best despondent. "</b></p> <p>The recommendations submitted and mentioned on the Internal Audit report on the Call centre internal controls, processes and systems for the period 01 July 2012 to 31 December 2012 must be taken seriously by Management and staff at the Call centre. These recommendations must be implemented as soon as possible.</p> <p>The fact that Management <i>did not respond</i> to Internal Audit reports as required and requested, re-affirms the concern of the Performance Audit Committee on the commitment of leadership and management within the Municipality. Internal Audit reports and recommendations are not taken seriously and are ignored.</p> <p><b>5. INSURANCE</b></p> <p><b>Material un-insuring of assets.</b></p> <p>Assets as per the assets register were valued at R105, 641, 964.00 and Property Plant and Equipment valued at R5,894,622,494.00 as at 30 June 2012. However an Insurance policy with an annual payment of R4,</p>	
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		<p>616,562.00 was taken by the municipality to cover the assets to the value of R5, 459,621,058.00 In addition the municipality did not report any upgrading of security programs and improvements, and new assets were not insured immediately. The assets appear to be not adequately covered.</p> <p><b>Claims for damages or loss</b> <b>The committee recommends as follows:</b></p> <ul style="list-style-type: none"> <li>• A policy and procedure manual should be developed in relation to claims management.</li> <li>• A qualified loss control officer should also be appointed.</li> </ul> <p><b>6. DOCUMENT MANAGEMENT: TRAFFIC DEPARTMENT AND DIRECTORATE PUBLIC SAFETY</b> <b>The committee recommends as follows:</b></p> <ul style="list-style-type: none"> <li>• A policy and procedure manual should be developed providing a clear guidance on managing traffic offences and submitted to council for approval.</li> <li>• The information should be backed-up and kept in a safe place.</li> <li>• Controls should at all times be adhered to.</li> <li>• A control register should be developed and maintained.</li> </ul> <p><b>7. ELECTRICAL ENGINEERING AND DISTRIBUTION</b> <b>The committee recommends as follows:</b></p> <ul style="list-style-type: none"> <li>• Management should ensure that procedure manual is reviewed, translated into English and submitted to Council for approval</li> <li>• The municipality should comply with all relevant laws, rules and regulations pertaining to waste management and refuse removal.</li> <li>• Stock count should be conducted on monthly basis to account for stock on hand, shortages and deficits.</li> <li>• Job description should be handed over to all employees entailing the kind of job, how it is supposed to be carried out and the expected deliver.</li> </ul> <p><b>8. LAND AND ENVIRONMENTAL AFFAIRS</b> <b>The committee recommends as follows:</b></p> <ul style="list-style-type: none"> <li>• It should be ensured that a feasibility study is conducted before the new land is acquired.</li> <li>• Property deeds are signed during new RDP houses.</li> </ul> <p><b>9. FLEET MANAGEMENT</b> <b>The committee recommends as follows:</b></p> <ul style="list-style-type: none"> <li>• Management should ensure that job cards are adequately completed for all repair work done</li> </ul>	
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			<ul style="list-style-type: none"> <li>• Municipality should keep an up to date record of all fleet pertaining the condition of the fleet.</li> <li>• Reconciliation between VMS and assets register should be performed on a regular basis.</li> <li>• A record for all damaged vehicles should be kept at all times.</li> <li>• It should be ensured that trip authorization forms are completed and relevant documents attached.</li> <li>• The policy should be reviewed annually.</li> <li>• Service books should be kept safely.</li> </ul>	
29 October 2013	430	Internal Audit Report: Information, Communication And Technology	<p>That the Internal Audit Report: Information, Communication and Technology (ICT) be noted;</p> <ul style="list-style-type: none"> <li>• That the audit findings action plans be monitored and be reported to council on practical intervals;</li> <li>• That it be noted that the IT Master System Plan is inadequate hence there is a need to develop an action plan.</li> <li>• That the IT Manager documents all his responses;</li> <li>• The attachment is the further recommendation by Council based on the committee's structure.</li> </ul> <p>MINUTES: COUNCIL: 29 OCTOBER 2013</p> <p>430. <u>INTERNAL AUDIT REPORT: INFORMATION, COMMUNICATION AND TECHNOLOGY</u> - CC (Office of the Municipal Manager) (S/...), (CM) <u>ACTION</u></p> <p>That the Municipal Manager submit a report on the disciplinary actions taken to Council in November 2013. OMM</p>	

April 2014	115	Mid-Term Report 2013-2014	<p>That Council take report into cognisance in improving the performance of the municipality.</p> <p><b>RISK MANAGEMENT</b>  The capacity within the Risk management unit should be addressed with the urgency it deserves. The establishment of the Risk Committee be accelerated urgently so that the committee be effective the beginning of the financial year 2014/15.</p> <p><b>INTERNAL AUDIT</b>  Appoint the four internal auditors</p> <p><b>EFFECTIVENESS OF INTERNAL CONTROLS</b>  All directorates should revise, review and update all policies and procedures applicable to their directorates.  Quarterly review sessions must be organised and minuted, whereby issues of internal controls, financial discipline and accountability are discussed.</p>	
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## APPENDIX H: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

No.	Responsible Directorates And Units	Service Provider	Description	Bid/Contract No.	Commencement Date	Expiry Date	Period	Contract Value.	Payment Made To Date
1.	Water & Sanitation	Ditholo Consulting Engineers	Water Meter Maintenance.	RLM/Di/0088/2011/12	2013/02/11	2016/02/11	36 Months	Per Rate	R64 124,75
2.	Water & Sanitation	Epilite 390-Morobane Construction Jv	Adhoc Maintenance Of Manhole For Rustenburg Local Municipality	RLM/Di/0056/2012/13	2013/05/02	2015/05/02	31 Months	Per Rate	R8 859 455,62
3.	Water & Sanitation	Bonco Enterprise Cc	Water Meter Maintenance.	RLM/0088/2012/13	2013/02/11	2016/02/11	36 Months	Per Rate	R608 805,43
4	Water & Sanitation	Zamadlambili Trading And Projects	Supply And Delivery Of Chemicals For Rustenburg Local Municipality Areas	RLM/DTIS/0151/2013/14	2014/03/03	2017/03/31	36 Months	Per Rate	R22 086,00
5	Water & Sanitation	Trems Masilo Construction Trading And Projects	Supply And Delivery Of Various Water And Sewer Materials	RLM/DTIS/0148/2012/13	2014-06-02	2017-06-02	36 Months	Per Rate	R866 816.64
5.	Water & Sanitation	Baithusi Consulting Cc	Design And Implementation Of Tlhabane Ac Pipes	RLM/DTIS/0156/2012/13	2013/09/01	2016/09/01	36 Months	Price Per Rate	R3 373 008,64
6	Local Economic Development	Naledia Group	Implementation Of The Led Strategy For RLM	RLM/Led/0076/2013/14	2013/11/01	2016/11/30	36 Months	R5 656 493.68	R2 262 597,87
7.	Library Services	Booktalk(Pty)Ltd	Supply And Delivery Of Books And Other Printed Information Resources And Audiovisual Material To Libraries And Info Hubs	RLM/DCD/0104/2012/13	2014/02/03	2017/02/03	36 Months	Per Rate	R1 607,89
8	Legal Unit	Dpp Valuers	Compilation Of Valuation Roll For RLM	RLM/Bto/0032/2012/13	2010/06/30	2015/06/30	60 Months	Per Rate	R566 237,72
9	Water & Sanitation	Magalies Water	Interim Water Services Provider Agreement	N/A	2010/10/19	2015/10/18	60 Months	Per Rate	

10	Budget And Treasury Office	S O Matshidiso Construction & Projects	Supply, Storage And Transportation Of Alternative Energy For Indigent Households In RLM Area:Paraffin,Lamps& Primus Stove	RLM/DTIS/0033/2013/14	2013/10/01	2016/10/31	36 Months	Per Rate	R19 855 839,41
11	Assets Unit	Lateral Unison Insurance Broker's	Appointment Of Insurance Brokers :For Short Term Insurance Portfolio	RLM/Bto/0129/2012/13	2013/09/01	2015/09/01	36 Months	Per Rate	R8 281 134,26
12	Office Of The Municipal Manager	Fox Power North West (Pty) Ltd&Phithlello Construction (Pty) Ltd	Composite Master Sale Agreement Between RLM & Joint Venture	RLM/Mm/0059/2007/08	2011/09/30	2016/08/31	60 Months	Per Property Rate	No Payment Made
13	Public Safety	Intexol	Acquisition Of Maintenance Services Associated With RLM Electronic Security System	RLM/Dps/0020/2011/12	2012/03/01	2015/02/28	36 Months	Per Rate	R14 398 647,72
14	Fleet Management Unit	Afs Group & Fleet Data Technologies Jv	Supply Of On-Road Fuel,Installation Of Vehicle Monitoring System And Intergrated Fleet Management System	RLM/Di/0049/2011/12	2012/03/12	2015/02/28	36 Months	Per Rate	R40 473 264,24
15	Revenue Management Unit	Revenue Consulting (Pty)Ltd	Performance Of Debt Collection	Pf.01/2010	2012/06/05	2015/02/28	36 Months	Per Rate	R22 474 422,58
16	Fleet Management Unit	Ma Gregs Rustenburg Trading Solutions	Supply And Delivery Of Material And Spares.	RLM/Di/0028/2011/12	2012/07/13	2015/08/22	36 Months	Per Rate	R4 168 409,40
17	Fleet Management Unit	Marks Auto Parts	Supply And Delivery Of Material And Spares.	RLM/Di/0028/2011/12	2012/07/13	2015/08/22	36 Months	Per Rate	R4 546 527,00
18	Fleet Management Unit	Jodenco Trading And Projects	Supply And Delivery Of Material And Spares.	RLM/Di/0028/2011/12	2012/07/13	2015/08/22	36 Months	Per Rate	R5 409 239,57



19	Fleet Management Unit	Remmone Trading Enterprise Cc	Supply And Delivery Of Materials And Spares	RLM/Di/0028/2011/12	2012/07/13	2015/08/22	36 Months	Per Rate	R2 044 009,51
20	Fleet Management Unit	MFM Motor Spares (PTY) LTD	Supply And Delivery Of Materials And Spares	RLM/DI/0028/2011/12	2012/07/13	2015/08/22	36 Months	Per Rate	R5 378 840,40
21	Public Safety	Promptique Trading 7 Cc T/A White Leopard Security	Security Services	RLM/DPS/0035/2010/11	2012/03/01	2015/02/28	36 Months	R983 044.80	R40 097015,22
22	Planning	EPS Consulting Engineers (PTY) LTD	Provision Of The Traffic Impact Assessment Services	RLM/DPHS/0060/2011/12	2012/10/01	2015/10/31	36 Months	R2 498.00 Per Hour	R3 552 224,13
23	Revenue	African Meter Reading (PTY) LTD	Provision Of Water Meter Reading Services	RLM/BTO/0019/2011/12	2012/07/24	2015/07/31	36 Months	R16.50 Per Meter	R7 990 653,35
24	Assets Management Unit	Assets Management And Disposal Corporation	Auctioneering Services For Council's Immovable Property.	RLM/DPHS/0064/2011/12	2012/09/01	2015/08/31	36 Months	5% Commission Chargeable To The Buyer	R46 180.00
25	Water & Sanitation	Maratwa Go Bonwa Trading CC	Gardening Services For Reservoirs And Pump Stations	RLM/DI/0126/2012/13	2013/07/01	2016/07/01	36 Months	Per Rate	R732 373,03
26	Water & Sanitation	Jetvac South Africa (PTY) Ltd	Hiring Of High Pressure Combination Cleaner Unit For Sewer Lines & Cctvcamera For Inspection Of Sewer	RLM/DI/0057/2012/13	2013/05/13	2016/05/13	36 Months	Per Rate	NO PAYMENT TO DATE
27	Water & Sanitation	Key Spirit Trading 218	Hiring Of High Pressure Combination Cleaner Unit For Sewer Lines & Cctvcamera For Inspection Of Sewer Lines	RLM/DI/0057/2012/13	2013/05/13	2016/05/13	36 Months	Per Rate	R33 205,92
28	Water & Sanitation	Mosetsa Trading And Projects	Gardening Services For Reservoirs And Pumpstations	RLM/DI/0126/2012/13	2013/07/01	2016/07/01	36 Months	Per Rate	R953 315,14
29	Water & Sanitation	Bodolo Trading	Gardening Services For Reservoirs And Pump Stations	RLM/DI/0126/2012/13	2013/07/01	2016/07/01	36 Months	Per Rate	R1 584 280,35

30	Water & Sanitation	Manthaofe Construction Services	Gardening Services For Reservoirs And Pump Stations	RLM/DI/0126/2012/13	2013/07/01	2016/07/01	36 Months	Per Rate	R1 454 325,96
31	Water & Sanitation	Sego Segolo Contractors	Gardening Services For Reservoirs And Pump Stations	RLM/DI/0126/2012/13	2013/07/01	2016/07/01	36 Months	Per Rate	R395 384,21
32	Local Economic Development	AGRO Tractor House Import And Export	Supply And Delivery Of Machinery For Cooperatives Within Rustenburg	RLM/LED/0108/2012/13	2013/07/01	2016/07/01	36 Months	Per Rate	R2 663 625,96
33	Library Services	Early Readers Cc	Supply And Delivery Of Books And Other Printed Information Resources And Audiovisual Material To Libraries And Info Hubs	RLM/DCD/0104/2012/13	2014/02/03	2017/02/03	36 Months	Per Rate	R99 473,20
34	Office Of The Municipal Manger	Development Bank Of Southern Africa Limited	Memorandum Of Agreement For Loan Agreement	N/A	2014/02/24	2050/02/24	240 Months	Per Rate	R4 341 041,10
35	Water & Sanitation	Baithusi Consulting Cc	Design And Implementation Of Phatsima Bulk Water	RLM/DI/0155/2012/13	2013/09/01	2016/09/01	36 Months	Per Rate	R571 553.68
37	Library Services	Sky Information Suppliers Cc	Supply And Delivery Of Books And Other Printed Information Resources And Audiovisual Material To Libraries And Info Hubs	RLM/DCD/0104/2012/13	2014/02/03	2017/02/03	36 Months	Per Rate	R127 125,60
38	Local Economic Development	The Brand Leadership Group(Pty)Ltd	Proposal To Brand The City Of Rustenburg	RLM/LED/0139/2012/13	2013/08/12	2016/09/01	36 Months	R22 657 768.00	R5 622 364,39
39	Water & Sanitation	Reonet (Pty)Ltd T/A Reonet Utility	Automated Meter Reading-Water Demand Management Programme	RLM/DI/0135/2012/13	2013/09/09	2016/09/09	36 Months		R753 733.800
40	It Unit	Total Client Services Ltd	Software License Agreement	N/A	2012/07/01	2015/06/30	36 Months	Per Rate	R357 944,04
41	Roads & Stormwater	No Regret Tenbosch & Projects	Supply And Delivery Of Cold Premix As When Required	RLM/DI/0125/2012/13	2013/09/09	2016/09/09	36 Months	R5 774.75 Per Part H Of The Bill Of Quantity	R2 438 270,42

42	Licensing Unit	Workshop Electronics	Maintenance Of Equipment	N/A	2014-05-22	2017-05-02	36 Months	R8 234.00	R17 535,40
43	Water & Sanitation	Aptovox(Pty)Ltd	Supply And Delivery Of Various Water And Sewage Materials	RLM/DTIS/0148/2012/13	2014-06-22	2017-06-22	36 MONTHS	Per Rate	No Payment To Date
44	Water & Sanitation	Morobane Construction Jv Peu Ya Africa	Supply And Delivery Of Various Water And Sewage Materials	RLM/DTIS/0148/2012/13	2014-06-22	2017-06-22	36 MONTHS	Per Rate	No Payment To Date
45	Water & Sanitation	Katlego Baphiring Trading And Enterprise	Supply And Delivery Of Various Water And Sewer Materials	RLM/DTIS/0148/2012/13	2014-06-02	2017-06-02	36 MONTHS	Per Rate	R144 500,10
46	Library Services	Missing Link Education Cc	Supply And Delivery Of Books	RLM/DCD/0104/2012/13	2014-02-03	2017-02-03	36 Months	Per Rate	R309 633,18
47	Library Services	Corner Bookshop	Supply And Delivery Of Books	RLM/DCD/0104/2012/13	2014-02-03	2017-02-03	36 Months	Per Rate	R5 027,87
48	Prepaid Management Unit	Cigicell (Pty)Ltd	Supply And Delivery Of An All Inclusive Prepaid Electricity Distributed And Online Vending System	RLM/DTIS/0110/2013/14	2014-02-05	2017-02-05	36 Months	Per Rate	R8 570 241,21
49	Library Services	Alicanie Book Distributors	Supply And Delivery Of Books	RLM/DCD/0104/2012/13	2014-02-05	2017-02-05	36 Months	Per Rate	R35 238,47
50	Admin Support	Ricoh Consensus	Supply,Delivery And Maintenance Of Printers And Equipments	RLM/DCS/0182/2013/2014	2014-04-01	2017-04-03	36 MONTHS	Per Rate	No Payment To Date
51	Office Municipal Manger	M-Civils	Construction Of The Bus Rapid Transport Route	RLM/1099/2012/13	2013-05-22	2015-10-21	30 MONTHS		R325 958 035.93
52	Office Municipal Manager	M-Civils	Construction Of The Bus Rapid Transport Route	RLM/0066/2012/13	2012-06-15	2013-09-17	15 MONTHS		R371 600 791.74

**PRIVATE PUBLIC PARTNERSHIP**

No.	Responsible Directorates And Units	Service Provider	Description	Bid/Contract No.	Commencement Date	Expiry Date	Period	Contract Value.	Payment Made To Council
1	Local Economic Development	Tulanie Trust T/A Omaramba Vakansie-Oord En Konferensie Sentrum & Rustenburg Kloof Resort Cc	Management And Maintenance Agreement	N/A	2004/12/24	2024/12/24	240 months	5% of monthly turnover	R10 138 934, 39

**RUSTENBURG WATER SERVICES TRUST**

No.	Responsible Directorates And Units	Service Provider	Description	Bid/Contract No.	Commencement Date	Expiry Date	Period	Contract Value.	Payment Made To Date
1	Water & Sanitation	Rustenburg Water Services Trust	Bulk Water Supply And Water Treatment	N/A	2003.10.27	2018.10.27	15 YEARS	Per rate	R602 935 39 9,91

## APPENDIX I: MUNICIPAL ENTITY / SERVICE PROVIDER PERFORMANCE SCHEDULE

This statement should include no more than the top four priorities indicators as articulated in the IDP. Note that all must be funded within approved budget provision.

The Trust is performing well in respect of the following: level of service appears to be adequate, financial management is sound, regular unqualified audits, responds to requests by WSA, and access capacity through a contract appointment with WSSA and other service providers. However the Trust has a very limited scope and therefore it is “easy” to focus on the scope, with no engagement with customers and no political mandate.

The deed of Trust, in terms of clause 11 establishes an Executive Committee. This Committee is vested with the power to provide general advisory services to the Trustees in respect of any aspect of a legal, technical, financial, or other specialised nature which may arise in the course of the planning, implementation, and conduct of the Water Project. The Executive Committee shall initially consist of seven members appointed by the Parties (i.e. Rustenburg Local Municipality, Magalies Water, Bigen Africa and ABSA Corporate and Merchant Bank), and this number may be increased by the Trustees if additional expertise are required from time to time.

### Water Services Entity

Jeffares and Green were appointed by RLM to formulate a Strategy for Water Services Delivery Optimisation within the context of the Section 78 Review. The scope of the S78 Review entails the following:

- Assessing the current operational structures, the performance and shortcomings and challenges
- Assess internal and external water services rendering mechanism
- Assess organisational, management, staff and financial impact on mechanisms
- Provide recommendations.

In order to achieve effective, efficient and sustainable water services delivery, Rustenburg must allow the water services business to do its job, the key need to achieve this is through: consolidation, operational autonomy and the right skills and expertise. The outcome of a focused water services utility will be: accountability, specialisation (skills and expertise), standardization, integrated planning, fast track service delivery solution to rural areas, optimisation of opportunities such industrial effluent monitoring and long term sustainability

### Waste Management Entity

#### Other entities such as:

- Development Agency – an outdated feasibility study was conducted and will have to be done all over
- Property Management Entity
- Public Transport Entity
- Social Housing Entity
- Rustenburg Electricity Entity

Vote Description	F/S	Budget	Total Expenditure	Balance	% Spent
Rustenburg Town - Internal Network Upgrading	CRR	0.00	270,626.48	-270,626.48	100
Bulk Linkages To New Developments	CRR	460,000.00	133,180.30	326,819.70	29
Upgrading Of Power Factor Correction Equipment	CRR	1,474,200.00	1,463,579.47	10,620.53	99

Vote Description	F/S	Budget	Total Expenditure	Balance	% Spent
Hv Metering Equipment	CRR	500,000.00	493,679.00	6,321.00	99
Hv Tester	CRR	25,679.00	25,678.89	0.11	100
Prepaid Automatic Vending Machine Equipment	CRR	259,955.00	244,112.14	15,842.86	94
Boitekong - House Connections	CRR	50,000.00	43,201.95	6,798.05	86
Hv Testing Equipment	CRR	54,600.00	54,516.00	84.00	100
Seraleng - High Mast Lights	CRR	197,506.00	0.00	197,506.00	0
Led Signals Heads	CRR	199,319.00	199,318.33	0.67	100
12v - 220v Invertor	CRR	38,810.00	38,810.00	0.00	100
4x Automatic Vending Machine	CRR	549,762.00	549,762.00	0.00	100
5x Hv Testers-Distribution Section	CRR	51,358.00	51,357.78	0.22	100
Insulators-33kv Lines	CRR	40,000.00	34,094.05	5,905.95	85
Rural-Network Upgrading	CRR	2,130,531.00	1,890,796.58	239,734.42	89
20mva 33/11 Kv Transformer	CRR	1,758,898.00	0.00	1,758,898.00	0
Safarituine Substation-11kv Switchgear Breakers	CRR	1,671,495.00	0.00	1,671,495.00	0
Refurbishment Of Old Switchgear Breakers	CRR	662,937.00	0.00	662,937.00	0
Bravo Substation-11kv Switchgear And Equipment	CRR	1,058,328.00	0.00	1,058,328.00	0
Koorsboom Substation-11kv Switchgear And Equipment	CRR	2,800,000.00	0.00	2,800,000.00	0
Cashan Ext7 Substation-11kv Switchgear Equipment	CRR	2,291,184.00	0.00	2,291,184.00	0
Waterkloof-Civil Work	CRR	700,000.00	0.00	700,000.00	0
Alpha Substation-11kv Switchgear And Equipment	CRR	882,802.00	0.00	882,802.00	0
Robot - Plc Controllers & Equipment	CRR	49,613.00	49,613.00	0.00	100
Substation Tripping Units	CRR	200,000.00	186,818.20	13,181.80	93
Avm Note Validators	CRR	192,414.00	192,413.20	0.80	100
Upgrading/Refurbishment Of 33kv Substations	LOAN	99,325,000.00	13,078,292.34	86,246,707.66	13
Rustenburg - Internal Upgrade	Loan	11,500,000.00	11,424,428.03	75,571.97	99
Rustenburg North/Zinniville - Internal Upgrading	Loan	3,800,000.00	3,736,518.01	63,481.99	98
Cashan Ext 28-Internal Electrical Network-Phase2	Loan	500,000.00	141,980.46	358,019.54	28
Motor City Substation-Phase2	Loan	18,458,456.00	67,062.57	18,391,393.43	0
Platinum Boulevard - Phase 2	Loan	541,544.00	541,543.40	0.60	100
Waterkloof Substation-Interconnection To Eskom Switching Station Phas2	Loan	1,000,000.00	167,656.44	832,343.56	17
Boitekong Ext 12- Relocation Of Electrical Bulk Services	Loan	1,700,000.00	1,490,627.48	209,372.52	88
Seraleng- Energizing Of High Mast Lights	Loan	2,500,000.00	0.00	2,500,000.00	0
Waterkloof Substation Phase 4	Loan	30,933,456.00	0.00	30,933,456.00	0
Ikemeleng - Bulk Line	DME	4,110,575.00	2,931,720.40	1,178,854.60	71
Ikemeleng - House Connections	DME	7,623,504.00	4,327,113.27	3,296,390.73	57
9x Office Chairs- Test Section	CRR	8,113.00	8,112.63	0.37	100
Palisade/Razor Wire Fencing Substations	CRR	127,167.00	0.00	127,167.00	0
Replacement Of Radios – Electrical	CRR	54,200.00	54,200.00	0.00	100
Repeater – Radios	CRR	46,200.00	46,200.00	0.00	100
Small Hand Tools - Test Section	CRR	5,000.00	0.00	5,000.00	0
<b>Electricity</b>		<b>200,532,606.00</b>	<b>43,937,012.40</b>	<b>156,595,593.60</b>	<b>22</b>

Vote Description	F/S	Budget	Total Expenditure	Balance	% Spent
Shredder (New)-Office Of The Director	CRR	2,000.00	1,491.18	508.82	75

Vote Description	F/S	Budget	Total Expenditure	Balance	% Spent
Office Chair - Admin Support Officer	CRR	5,000.00	3,843.12	1,156.88	77
Projector - Office Of The Director	CRR	5,000.00	3,332.46	1,667.54	67
Wet & Dry Vacuum Cleaner-Office Of The Director	CRR	7,100.00	5,026.00	2,074.00	71
Microwave - Office Of The Director	CRR	2,450.00	2,450.00	0.00	100
<b>Office of the Director</b>		<b>21,550.00</b>	<b>16,142.76</b>	<b>5,407.24</b>	<b>75</b>

Vote Description	F/S	Budget	Total Expenditure	Balance	% Spent
Mechanical Street Sweeper – Waste	CRR	2,180,690.00	2,180,690.00	0.00	100
Purchase Of 15 Seater Kombi - Director Community Dev	CRR	337,600.00	337,600.00	0.00	100
16 Seater Minibus(Pool Vehicle) - Fleet Management	CRR	675,200.00	675,200.00	0.00	100
Replace Cub Grab Lorry	CRR	777,964.00	777,964.00	0.00	100
Minibus- Law Enforcement	CRR	337,600.00	337,600.00	0.00	100
Municipal Vehicles	CRR	260,000.00	0.00	260,000.00	0
Mobile Pump Unit	CRR	600,000.00	0.00	600,000.00	0
New Workshop Equipment	CRR	500,000.00	0.00	500,000.00	0
Upgrading Of Ventilation System At Ben Marais	CRR	559,310.00	0.00	559,310.00	0
<b>Mechanical Engineering</b>		<b>6,228,364.00</b>	<b>4,309,054.00</b>	<b>1,919,310.00</b>	<b>69</b>

Vote Description	F/S	Budget	Total Expenditure	Balance	% Spent
High Mast Lights – Mfidikoe	CRR	371,102.00	371,101.35	0.65	100
<b>High Mast Lighting</b>		<b>371,102.00</b>	<b>371,101.35</b>	<b>0.65</b>	<b>100</b>

Vote Description	F/S	Budget	Total Expenditure	Balance	% Spent
New 4 In 1 Colour Printer	CRR	6,403.00	0.00	6,403.00	0
New Shredder	CRR	1,671.00	0.00	1,671.00	0
Design & Construction Of Roads Department	CRR	220,000.00	220,000.00	0.00	100
Civil Facilities - 3 Grinders-New	CRR	4,295.00	4,294.03	0.97	100
Civil Facilities - 2 Air conditioners	CRR	20,000.00	17,997.00	2,003.00	90
Modernization Of Lifts	CRR	1,009,599.00	1,009,598.64	0.36	100
Civil Facilities - Polisher-Replacement	CRR	15,000.00	9,900.00	5,100.00	66
Civil Facilities - Push Sweeper-Replacement	CRR	12,150.00	12,150.00	0.00	100
Civil Facilities - Vacuum Cleaner-Replacement	CRR	5,329.00	5,329.00	0.00	100
Civil Facilities - 3 Drilling Machines-Replacement	CRR	23,447.00	23,446.88	0.12	100
Design Construction Of Office	CRR	1,490,401.00	0.00	1,490,401.00	0
Fridges	CRR	10,706.00	0.00	10,706.00	0
<b>Civil Facilities</b>		<b>2,819,001.00</b>	<b>1,302,715.55</b>	<b>1,516,285.45</b>	<b>46</b>

Vote Description	F/S	Budget	Total Expenditure	Balance	% Spent
Boitekong Ext 8 - Roads & Stormwater- R	CRR	4,078,345.00	4,059,959.40	18,385.60	100
Boitekong Ext 16 - Roads & Stormwater	CRR	461,173.00	461,172.61	0.39	100
Lethabong Ext - Roads & Stormwater- R	CRR	93,844.00	93,843.46	0.54	100
Roads Wards 3,4,5,6,7,21,23,24&26 -R	CRR	9,187,814.00	9,027,038.35	160,775.65	98
Tlhabane - Construction Of Sidewalks	CRR	1,900,000.00	1,899,190.00	810.00	100
Ward 8 - Construction Of Sidewalks	CRR	2,835,091.00	2,167,283.33	667,807.67	76
Ward 13 - Construction Of Sidewalks	CRR	1,310,000.00	1,291,336.66	18,663.34	99
Mathopestad- Roads And Stormwater	CRR	2,200,000.00	1,534,000.00	666,000.00	70

Syferbult- Roads And Stormwater	CRR	2,300,000.00	1,294,073.50	1,005,926.50	56
Molote City - Roads And Stormwater	CRR	2,500,000.00	2,322,398.61	177,601.39	93
Mogono/Luka- Roads And Stormwater	CRR	10,281,539.00	8,094,900.48	2,186,638.52	79
Geelhoutpark Ext 10 -Roads And Stormwater	CRR	3,000,000.00	0.00	3,000,000.00	0
Seraleng- Roads And Stormwater	CRR	15,000,000.00	14,999,999.39	0.61	100
Lethabong- New Ext.- Roads And Stormwater	CRR	3,000,000.00	2,581,392.36	418,607.64	86
Meriting - Roads And Stormwater R	MIG	1,782,012.00	1,518,152.89	263,859.11	85
Ikemeleng - Roads And Stormwater Drainage Construction R	MIG	186,116.00	186,116.00	0.00	100
Boitekong Roads And Stormwater Drainage Ward 20 R	MIG	1,807,196.00	1,117,098.05	690,097.95	62
Boitekong Roads And Stormwater Drainage Phase 3 - Ward 19 R	MIG	1,568,004.00	0.00	1,568,004.00	0
Boitekong Roads And Stormwater Drainage - Ward 22 R	MIG	641,322.00	641,322.00	0.00	100
Monnakato Roads And Stormwater Drainage Phase 3 R	MIG	2,393,357.00	769,825.35	1,623,531.65	32
Lethabong Roads And Stormwater Drainage - Ward 27 R	MIG	381,686.00	0.00	381,686.00	0
Lethabong Ward 28 - Roads And Stormwater Drainage R	MIG	926,440.00	0.00	926,440.00	0
Boitekong Roads And Stormwater Drainage - Ward 21 R	MIG	2,556,166.00	1,631,609.85	924,556.15	64
Rustenburg Ext 26 - Stormwater Management R	MIG	6,483,528.00	3,419,847.57	3,063,680.43	53
Rustenburg-Nelson Mandela Drive-Taxi Rank Extension R	MIG	2,491,968.00	2,491,968.00	0.00	100
Rustenburg- Old Traffic Offices- Taxi Rank-Destination Boitekong R	MIG	1,852,509.00	1,852,509.00	0.00	100
Rustenburg- Old Traffic Offices-Taxi Rank-Destination Rural R	MIG	8,871,025.00	6,310,946.55	2,560,078.45	71
Meriting - Roads And Stormwater- Ward 18	MIG	12,000,000.00	10,747,364.31	1,252,635.69	90
Boitekong - Roads And Stormwater- Ward 19	MIG	8,000,000.00	6,538,413.26	1,461,586.74	82
Boitekong - Roads And Stormwater - Ward 21	MIG	6,000,000.00	6,000,000.00	0.00	100
Boitekong - Roads And Stormwater - Ward 22	MIG	8,000,000.00	5,362,704.24	2,637,295.76	67
Monnakato - Roads And Stormwater - Ward 25	MIG	5,000,000.00	1,513,660.58	3,486,339.42	30
Lethabong - Roads And Stormwater - Ward 27	MIG	4,500,000.00	972,362.38	3,527,637.62	22
<b>Vote Description</b>	<b>F/S</b>	<b>Budget</b>	<b>Total Expenditure</b>	<b>Balance</b>	<b>% Spent</b>
Lethabong - Roads And Stormwater - Ward 28	MIG	1,000,000.00	866,812.68	133,187.32	87
Rustenburg Ext 26 - Stormwater Drainage	MIG	2,000,000.00	2,000,000.00	0.00	100
Ikemeleng Bulk Roads Construction Phase 3	MIG	8,000,000.00	4,792,808.97	3,207,191.03	60
Tsitsing Roads & Stormwater Drainage	MIG	11,909,880.00	10,234,085.52	1,675,794.48	86
Freedom Park Roads & Stormwater	MIG	12,000,000.00	2,569,047.28	9,430,952.72	21
Marikana Roads & Stormwater	MIG	12,000,000.00	1,989,164.15	10,010,835.85	17
Seraleng-Roads, Pavement, Bridges And Stormwater-Crr	CRR	324,000.00	323,033.27	966.73	100
<b>Roads And Stormwater</b>		<b>180,823,015.00</b>	<b>123,675,440.05</b>	<b>57,147,574.95</b>	<b>68</b>

<b>Vote Description</b>	<b>F/S</b>	<b>Budget</b>	<b>Total Expenditure</b>	<b>Balance</b>	<b>% Spent</b>
Upgrading Of Outfall Sewer Lines - R	CRR	1,013,881.00	845,835.29	168,045.71	83
Lethabong Ext - Sewer Reticulation	CRR	1,261,278.00	1,261,277.34	0.66	100
Marikana Sewer Pumpstation Upgrading - R	CRR	481,300.00	481,299.07	0.93	100
Refurbishment Of Sewer Treated Water Reticulation System – R	CRR	32,138.00	32,137.58	0.42	100
Upgrading Of Outfall Sewer Lines	CRR	6,408,569.00	6,408,569.00	0.00	100



Vote Description	F/S	Budget	Total Expenditure	Balance	% Spent
Boitekong Ext 8 - Sewer Reticulation And Pumpstation	CRR	1,915,044.00	1,915,043.93	0.07	100
Refurbishment Of Sewer Treated Water Reticulation System	CRR	3,644,000.00	3,380,893.80	263,106.20	93
Tlhabane-Replacement Of Ac Sewer Pipes	CRR	3,179,872.00	3,179,871.30	0.70	100
Boitekong X 8 - Sewerage Reticulation System - Counter Funding – R	CRR	2,091,739.00	1,818,720.63	273,018.37	87
Upgrading Of Outfall Sewer Lines To Rustenburg Wwtw	LOAN	5,000,000.00	1,133,088.50	3,866,911.50	23
Monakato Ext 4 Sewerage Reticulation & Outfall Sewer R	MIG	1,807,867.00	1,512,472.87	295,394.13	84
Lethabong Ward 27 & 28 Internal Sewer Reticulation & Toilet Struct R	MIG	12,372,716.00	5,514,275.36	6,858,440.64	45
Rustenburg Ext 26-Installation Of Sewer Reticulation-Phase 3 R	MIG	6,615,247.00	4,680,434.51	1,934,812.49	71
Marikana Vip Toilets R	MIG	2,553,776.00	2,549,538.90	4,237.10	100
Rustenburg Wwtw & Boitekong Wwtw - Link Line R	MIG	6,000,000.00	6,000,000.00	0.00	100
Macharora Vip Toilets	MIG	10,000,000.00	5,783,303.21	4,216,696.79	58
Installation Of Rising Main From Boitekong To Rustenburg Sew.Treat.Wor	MIG	6,000,000.00	5,992,680.66	7,319.34	100
Water & Sanitation Section-Offices & Office Furniture	CRR	207,768.00	207,768.00	0.00	100
Cctv Camera System-Pipeline Inspection	CRR	126,614.00	126,614.00	0.00	100
Leak Detection Equipment	CRR	160,500.00	160,500.00	0.00	100
<b>Sanitation</b>		<b>70,872,309.00</b>	<b>52,984,323.95</b>	<b>17,887,985.05</b>	<b>75</b>
Vote Description	F/S	Budget	Total Expenditure	Balance	% Spent
Construction Of Access Road To Reservoirs & Pumpstations	CRR	578,894.00	578,894.00	0.00	100
Tlhabane - Rehabilitation Of Water Reticulation - R	CRR	2,937,423.00	2,902,891.46	34,531.54	99
Installation Of 10kl Tanks At Information Settlements	CRR	650,000.00	645,627.69	4,372.31	99
Water Pipe - Cnr Kloppe & Boven Street - R	CRR	753,557.00	753,557.00	0.00	100
Seraleng-Installation Of Water Standpipes	CRR	725,735.00	725,735.00	0.00	100
Tlhabane West - Refurbishment Of Reservoir - R	CRR	388,841.00	381,344.61	7,496.39	98
Tlhabane West Upper-Construction Of Booster Pumpstation – R	CRR	502,611.00	339,878.16	162,732.84	68
Upgrading Of Pumpstations	CRR	307,168.00	307,167.56	0.44	100
Upgrading Of Valve Chambers	CRR	470,747.00	290,846.52	179,900.48	62
Cbd - Upgrading Of Water Metres & Aged Connections – R	CRR	564,980.00	564,666.46	313.54	100
Installation Of Prepaid/Smart Metres	CRR	13,204,074.00	13,192,439.42	11,634.58	100
Geelhoutpark Ext 10 - Bellevue Water Supply - R	CRR	2,329,940.00	0.00	2,329,940.00	0
Lethabong Ext - Water Supply – R	CRR	1,328,989.00	1,328,988.18	0.82	100
Cbd Aged Connections – R	CRR	7,756.00	6,783.33	972.67	87
Mathopstad Water Supply – R	CRR	994,068.00	981,160.98	12,907.02	99
Bethanie, Modikwe And Barseba Water Supply - R	CRR	75,370.00	75,369.37	0.63	100
Rankelenyane Water Supply	CRR	2,987,795.00	2,873,564.16	114,230.84	96
Maumong Water Supply – R	CRR	330,053.00	298,962.72	31,090.28	91
Lekgalong Water Supply – R	CRR	1,778,386.00	1,778,386.00	0.00	100
Molote City Water Supply – R	CRR	2,135,974.00	2,135,973.07	0.93	100
Boschdal Water Supply	CRR	1,131,504.00	1,131,503.51	0.49	100
Upgrading Of Water Metres & Aged Connections	CRR	596,987.00	596,986.30	0.70	100

Vote Description	F/S	Budget	Total Expenditure	Balance	% Spent
Syferfontein Phase	CRR	4,355,139.00	4,349,827.72	5,311.28	100
Makolokwe Water Supply	CRR	3,627,143.00	3,410,293.01	216,849.99	94
Boschfontein Water Supply	CRR	3,869,134.00	3,805,718.12	63,415.88	98
Tlhabane West Reservoir And Pumpstation	CRR	3,928,469.00	3,552,165.55	376,303.45	90
Printers X 3	CRR	20,000.00	19,590.00	410.00	98
Lethabong Ext - Water Supply	CRR	865,653.00	841,016.89	24,636.11	97
Lekgalong Water Supply	CRR	1,396,479.00	1,388,895.34	7,583.66	99
Vote Description	F/S	Budget	Total Expenditure	Balance	% Spent
Molote City Water Supply	CRR	754,843.00	754,842.50	0.50	100
Mathopestad Water Supply	CRR	3,883,220.00	3,883,219.51	0.49	100
Bethanie, Modikwe & Barseba Water Supply	CRR	5,372,003.00	5,372,002.17	0.83	100
Maumong Water Supply	CRR	2,485,480.00	2,478,422.22	7,057.78	100
Phatsima Bulk Line	CRR	571,554.00	571,553.68	0.32	100
Upgrading Of Water Meters And Aged Connections	CRR	2,431,282.00	2,379,282.00	52,000.00	98
Installation Of Rustenburg 26 Water Yard Connections & Reticulation R	MIG	380,775.00	380,774.58	0.42	100
Bethanie, Modikwe & Barseba- Water Reticulation & Yard Connection R	MIG	20,948,368.00	15,360,265.54	5,588,102.46	73
Installation Of Ikemeleng Yard Connections & Reticulation Phase 3	MIG	4,063,880.00	1,827,432.22	2,236,447.78	45
Bethanie, Modikwe & Berseba - Water Reticulation & Yard Connection: R	MIG	284,800.00	284,800.00	0.00	100
Phatsima Ext 2 - Yard Connections And Reticulation R	MIG	1,615,000.00	0.00	1,615,000.00	0
Boschdal - Water Supply	LOAN	13,000,000.00	436,138.74	12,563,861.26	3
Bospoort - Upgrading Of Pipelines	LOAN	30,000,000.00	80,840.00	29,919,160.00	0
Replacement Of Water AC Pipes	LOAN	10,000,000.00	1,817,069.90	8,182,930.10	18
CBD - Refurbishment Of Water Reticulation System	LOAN	5,000,000.00	554,424.50	4,445,575.50	11
Refurbishment Of Bulk Pipelines	LOAN	5,000,000.00	1,106,723.70	3,893,276.30	22
Upgrading Of Water Meters And Aged Connections - RTB & Extensions	LOAN	31,000,000.00	4,396,864.23	26,603,135.77	14
Upgrading Of Water Meters & Aged Connections - RTB East	LOAN	13,000,000.00	740,166.26	12,259,833.74	6
Upgrading Of Water Meters & Aged Connections - Zinniaville & Karlien Park	LOAN	6,000,000.00	428,048.08	5,571,951.92	7
Replacement Of Water AC Pipes - Rustenburg (Incl - Extensions)	LOAN	20,000,000.00	438,596.49	19,561,403.51	2
Printers X 3	CRR	20,000.00	17,460.00	2,540.00	87
Palisade Fencing At Reservoirs	CRR	650,000.00	475,320.00	174,680.00	73
Leak Detection Equipment	CRR	614,000.00	614,000.00	0.00	100
<b>Water</b>		<b>229,918,074.00</b>	<b>93,656,478.45</b>	<b>136,261,595.55</b>	<b>41</b>
Vote Description	F/S	Budget	Total Expenditure	Balance	% Spent
Jabula - Mini Transfer Station-R	CRR	396,487.00	0.00	396,487.00	0
Strumosa - Mini Transfer Station	CRR	1,442,333.00	1,242,332.95	200,000.05	86
Waste Management Depot-Phase 2 (Recycling Centre)	CRR	700,000.00	351,130.96	348,869.04	50
Lethabong Waste Transfer Station R	MIG	234,629.00	77,975.09	156,653.91	33
Waterfall Landfill Site R	MIG	21,265,979.00	21,265,979.00	0.00	100
Marikana Waste Transfer Station - Construction R	MIG	2,016,381.00	398,344.48	1,618,036.52	20
Phokeng Waste Transfer Station R	MIG	380,493.00	117,565.59	262,927.41	31

Vote Description	F/S	Budget	Total Expenditure	Balance	% Spent
Waterval, Regional Waste Disposal Facility Phase 2	MIG	69,215,464.00	69,215,464.00	0.00	100
Tables X 50	CRR	20,000.00	19,998.00	2.00	100
Chairs X 100	CRR	10,000.00	9,997.80	2.20	100
Waste Depot - Replacement Of Furniture,Tools & Equipment	CRR	100,000.00	49,633.70	50,366.30	50
Waterval Landfill Site Construction	CRR	6,000,000.00	5,440,936.77	559,063.23	91
Street Litter Bins	CRR	400,000.00	399,177.14	822.86	100
Pa System	CRR	0.00	10,998.00	-10,998.00	100
Bin Lifting Hydraulic Equipment	CRR	520,000.00	344,956.00	175,044.00	66
Skip Bins & Roll On Roll Off Containers	CRR	530,000.00	295,482.00	234,518.00	56
Waste Depot-Surveillance Camera,Trellidor & Alarm	CRR	250,000.00	198,924.00	51,076.00	80
<b>Waste Management</b>		<b>103,481,766.00</b>	<b>99,438,895.48</b>	<b>4,042,870.52</b>	<b>96</b>
Vote Description	Budget		Total Expenditure	Balance	% Spent
Electricity	200,532,606.00		43,937,012.40	156,595,593.60	22
Office Of The Director	21,550.00		16,142.76	5,407.24	75
Mechanical Engineering	6,228,364.00		4,309,054.00	1,919,310.00	69
High Mast Lighting	371,102.00		371,101.35	0.65	100
Civil Facilities	2,819,001.00		1,302,715.55	1,516,285.45	46
Roads And Stormwater	180,823,015.00		123,675,440.05	57,147,574.95	68
Sanitation	70,872,309.00		52,984,323.95	17,887,985.05	75
Water	229,918,074.00		93,656,478.45	136,261,595.55	41
Waste Management	103,481,766.00		99,438,895.48	4,042,870.52	96
<b>Total</b>	<b>795,067,787.00</b>		<b>419,691,163.99</b>	<b>375,376,623.01</b>	<b>53</b>

## APPENDIX J: DISCLOSURE OF FINANCIAL INTEREST

No	Name Of Employee	Designation	Membership Of Any Close Corporation	Interest In Any Trust	Directorships & Partnerships	Other Financial Interests In Any Business Undertaking	Consultancies And Retainerships	Gifts And Hospitality From A Source Other Than A Family Member	Interest In Land And Property	Subsidies, Grants And Sponsorships By Any Organisation	Other Not Specified Optional	Date Of Declaration	Signature
1	Dr Maletse Kiddo Mako	Municipal Manager		Yes	Yes		Yes				*		Yes
2	Mr Victor Sello Makona	Chief Operations Officer	None	None	None	None	None	None	Yes	None	*	23-Jul-13	Yes
3	Ms Sthembiso Molefe	Chief Financial Officer	N/A	N/A	N/A	N/A	N/A	N/A	Yes		*	20-Nov-12	Yes
4	Mr Sero Segatle	Director: Corporate Support Services	N/A	Yes	Yes	N/A	N/A	N/A	Yes	N/A	*	05-May-14	Yes
5	Mr Michael Mokgwamme	Director: Technical & Infrastructure Services	Yes	N/A	N/A	N/A	N/A	N/A	Yes	N/A	*	23-Jan-14	Yes
6	Mr Jacky Kola	Director: LED	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	*	29-Jul-13	Yes
7	Mr Jan Pieters	Director: Planning & Human Settlements	None	None	N/A	None	None	None	None	None	*	10-Apr-14	Yes
8	Ms Paulinah Motsepe	Director: Community Development	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	*	02-Apr-14	Yes
9	Mr Shadrack Kotsedi	Director: Public Safety		N/A	Yes	Yes	N/A		Yes	N/A	*	06-Feb-12	Yes

No	Name Of Employee	Designation	Membership Of Any Close Corporation	Interest In Any Trust	Directorships & Partnerships	Other Financial Interests In Any Business Undertaking	Consultancies And Retainerships	Gifts And Hospitality From A Source Other Than A Family Member	Interest In Land And Property	Subsidies, Grants And Sponsorships By Any Organisation	Other Not Specified Optional	Date Of Declaration	Signature
10	Mr Marks Rapoo	Director: Rustenburg Rapid Transport	Yes	N/A	N/A	N/A	N/A	N/A	Yes	N/A	*	06-May-14	Yes
11	Mr Jefferey Rademeyer	Manager: Office Of Municipal Manager	Yes	N/A	N/A	Yes	N/A	N/A	N/A	N/A	*	28-Mar-14	Yes
12	Dr Motseothata Tau	Manager: Strategy & Planning	None	N/A	One	None	Yes	None	Yes	None	*	12-Feb-13	Yes
13	Mr Paul Malatsi	Deputy Chief Financial Officer	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	*	25-Mar-14	Yes
14	Ms Inez Makgaka	Project Implementation Manager/Transformation	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	*	25-Mar-14	Yes
15	Mr Clement Mabe	Chief Audit Executive	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Yes	25-Feb-14	Yes
16	Mr Obed Kgosiemang	PMU Manager	None	None	None	None	None	None	None	None	*	30-Apr-14	Yes
17	Mr Nketu Matima	Manager: Office Of the Speaker	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	*	01-Apr-14	Yes
18	Ms Lerato Sebolao	Acting Manager: Office Of Executive Mayor	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A	*	29-Apr-14	Yes
19	Mr Willie Burger	Risk Officer	None	None	None	None	None	None	Yes	None	*	30-Apr-14	Yes
20	Ms Belinda Manuel	Manager: Monitoring & Evaluation	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	*	29-Apr-14	Yes

No	Name Of Employee	Designation	Membership Of Any Close Corporation	Interest In Any Trust	Directorships & Partnerships	Other Financial Interests In Any Business Undertaking	Consultancies And Retainerships	Gifts And Hospitality From A Source Other Than A Family Member	Interest In Land And Property	Subsidies, Grants And Sponsorships By Any Organisation	Other Not Specified Optional	Date Of Declaration	Signature
21	Mr Trevor Mothuloe	Manager: Rural Development	Yes	Yes	N/A	N/A	N/A	N/A	Yes	N/A	*	02-Apr-14	Yes
22	Mr Malakia Dire	Manager: Office Of COO	Yes	N/A	N/A	N/A	N/A	N/A	Yes	N/A	*	23-Jan-14	Yes
23	Mr Lucky Molotsane	Head: Legal And Valuation Services	Yes	Yes	Yes	N/A	N/A	N/A	Yes	Yes	*	03-Apr-14	Yes

## **APPENDIX K: REVENUE COLLECTION PERFORMANCE**

Refer to attached financial statements on page 183

## **APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG**

Refer to attached financial statements from page 183

## **APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/ RENEWAL PROGRAMME: INCLUDING MIG**

Refer to attached financial statements starting on page 183

## **APPENDIX N: CAPITAL PROGRAMME BY PROJECT: CURRENT YEAR**

Refer to attached financial statements starting from page 183

## **APPENDIX O: CAPITAL PROGRAMME BY WARD: CURRENT YEAR**

Refer to attached financial statements starting from page 183

## **APPENDIX P: SERVICE CONNECTION BACKLOGS AT SCHOOLS & CLINICS**

Information was not readily available during period under review. However it will be identified during the Ward Based Planning process which is currently underway in the municipality.

## **APPENDIX Q: SERVICE BACKLOGS EXPERIENCED BY COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION**

## APPENDIX R: DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

Refer to attached financial statements starting on page 183

## APPENDIX S: DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA s71

Refer to attached financial statements starting on page 183.

## APPENDIX T: NATIONAL AND PROVINCIAL OUTCOME FOR LOCAL GOVERNMENT

There are no other municipal powers and functions that can be used by National and Provincial spheres to monitor and evaluate service delivery programme.

### A. B. SCARROTT ATTORNEYS

No.	PARTIES	NATURE OF THE MATTER	MAGISTRATE'S COURT / HIGH COURT	STATUS OF THE CASE
1.	Government Employees Pension Fund / Rustenburg Local Municipality	Claim by Applicant against RLM for allegedly being overcharged with regard to water account at Tlhabane Fire Station and Tlhabane Complex.	High Court	The Plaintiff withdrew the matter.
2.	Xstrata South Africa / Rustenburg Local Municipality	Application for Interdicting RLM to dispose of or transfer of Erf 2252 Rustenburg Extension 9.	High Court	Parties are still exchanging pleadings. However, there is a likelihood that the matter might not proceed.
3.	ABSA Trust & Others / Rustenburg Local Municipality	Interpretation and Enforcement of Contract	High Court	Parties are still exchanging pleadings.
4.	UMSO Construction / Rustenburg Local Municipality	Application to set aside the Tender (Tender "D") awarded to M Civils Construction regarding the construction of RRT Route.	High Court	Parties are still exchanging pleadings. Matter is set for trial on 20 March 2014. On 20 March 2014, the matter was heard and judgment was reserved. Judgment was pronounced on 25 April 2014 in which the Applicant's (UMSO Construction) case was dismissed with costs. Matter finalized.



**KGOMO, MOKHETLE & TLOU ATTORNEYS**

<b>No.</b>	<b>PARTIES</b>	<b>NATURE OF THE MATTER</b>	<b>MAGISTRATE'S COURT / HIGH COURT</b>	<b>STATUS OF THE CASE</b>
1.	RLM / IBD Civil Contractors and Training Experts CC	Action against IBD for declaring the sale agreement of land invalid and return of purchase price – High Court - Mafikeng	High Court	RLM's counter-claim accepted by IBD and sent memo to client. Application for Joinder of Eskom was granted. Matter is still pending, awaiting Eskom's Plea.
2.	RLM / Mdango Vincent and 21 Others	Eviction proceedings in terms of P.I.E. Act by R.L.M against 20 illegal occupants.	High Court	Eviction Order granted on 25 October 2012 but execution suspended until RLM offers alternative land to the illegal occupiers. RLM had appealed the judgment at the Supreme Court of Appeal (SCA) and the other party also Cross Appealed the same judgment at the same court. The SCA heard the matter on 09 May 2014 and referred it back to the North West High Court for filing of further documents and Joinder of Department of Land and Rural Development. Matter is still pending.
3.	OJS Fourie and 2 others / Unlawful Occupiers and RLM	Eviction proceedings in terms of P.I.E. Act by R.L.M	High Court	The matter was before the court on 30 August 2012 and the court ruled that an alternative land should be provided to the unlawful occupiers. Council approved purchase of Fourie Farm to accommodate illegal occupiers. Matter has been settled and awaiting transfer of land.
4.	Xstrata SA (Pty) / Unlawful Occupiers and RLM	Private Eviction proceedings in terms of PIE Act before Mafikeng High Court. Unlawful occupiers invoked the provisions of 7(1) of PIE Act and requested mediation and land / alternative accommodation through RLM	High Court	The matter was before the court on 27 September 2012 and the court ruled that an alternative land should be provided to the unlawful occupiers. Council approved purchase of Fourie Farm to accommodate illegal occupiers. Matter has been settled and awaiting transfer of land.
5.	FAIR Distributors (Pty) Ltd / RLM	Application for re-connection of electricity, for RLM to sign up tenants directly for services and demand for outstanding account.	High Court	The matter was settled out of court and the Applicant to pay the costs of R150 000-00 to the Respondent (RLM).
6.	Medicross Healthcare Group (Pty) Ltd / RLM.	Interdict to restrain RLM from disconnecting services.	High Court	Matter heard on the 1 November 2012 and the court ordered the parties to attempt to settle the matter out of court.

				Matter has been settled.
7.	Molemane & 5 Others / RLM	Declaratory Order sought against RLM for non enforcement of council resolution that was approved for appointment of Traffic Warden as Peace Officer	High Court	Parties have reached out of court settlement and therefore the matter is finalized.
8.	RLM / Martin Van Wyk	Eviction at Amberboom	Magistrate's Court	Awaiting Sheriff's return of service.
9.	RLM / Moses Merakeng	Eviction at Amberboom	Magistrate's Court	Debtor settled arrears
10.	RLM / Ntlale Mafora	Eviction at Amberboom	Magistrate's Court	Awaiting Sheriff's return of service and Warrant of Execution and Eviction
11.	RLM / Lebang Otletse	Eviction at Amberboom	Magistrate's Court	Matter settled before the tribunal and debtor to make payment
12.	RLM / C R Cole	Eviction at Amberboom	Magistrate's Court	Arrears settled by debtor
13.	RLM / J Ferris	Eviction at Amberboom	Magistrate's Court	Still awaiting Court Order and Warrant of Execution and Sheriff's return of service,
14.	RLM / N D Khunou	Eviction at Amberboom	Magistrate's Court	Still awaiting Court Order and Warrant of Execution and Sheriff's return of service,
15.	RLM / J Van Zyl	Eviction at Amberboom	Magistrate's Court	Still awaiting Court Order and Warrant of Execution and Sheriff's return of service,
16.	RLM / Tlolang	Eviction at Amberboom	Magistrate's Court	Still awaiting Sheriff's return of service on the Eviction Warrant
17.	RLM / P M Janse Van Rensburg	Eviction at Amberboom	Magistrate's Court	Debtor settled outstanding account
18.	RLM / Gracy Chauke	Eviction at Amberboom	Magistrate's Court	Awaiting Sheriff's return of service of Eviction Warrant
19.	RLM / S Sedile	Eviction at Amberboom	Magistrate's Court	Awaiting Default of Judgment and Warrant of Eviction.
20.	RLM / Dikeledi Morudi	Eviction at Amberboom	Magistrate's Court	Awaiting Sheriff's return of service of Eviction Warrant
21.	Juanito M. Damons N.O & Two others / RLM	Application for Declaratory Order to cause the Respondent to issue clearance certificates section 118 of the Municipal Systems Act, Act 32 of 2000 as amended in respect of various properties.	High Court	The court heard the matter on 14 November 2013, and the application was dismissed with costs. The costs in favour of RLM will be drafted and submitted for taxation.

#### **VAN VELDEN DUFFEY ATTORNEYS**

<b>No.</b>	<b>PARTIES</b>	<b>NATURE OF THE MATTER</b>	<b>MAGISTRATE'S COURT / HIGH COURT</b>	<b>STATUS OF THE CASE</b>
1.	Rustenburg Local Municipality /	Breach of contract	High Court	Awaiting Trial date

	Geontsi Consulting Engineers			
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#### NORTON ROSE ATTORNEYS

No.	PARTIES	NATURE OF THE MATTER	MAGISTRATRE'S COURT / HIGH COURT	STATUS OF THE CASE
1.	Rustenburg Local Municipality / EHCWAWU obo Setlale and 7 Others	Review application against the adverse Arbitration Award	Labour Court	The matter was set for trial on 21 November 2013 and the Court reviewed and set aside the Arbitration Award made by the SALGBC dated 19 March 2011. The matter is therefore finalized.
2.	Unit Mangers / RLM	Dispute over a notch increase.	Labour Court	Parties are still exchanging pleadings.
2.	Ramadikela / RLM	A review application to set aside an arbitration award of the CCMA in favour of RLM.	Labour Court	Pleadings are closed. Awaiting trial date.

#### SETSHEDI MAKGALE & MATLAPENG ATTORNEYS

No.	PARTIES	NATURE OF THE MATTER	MAGISTRATE'S COURT / HIGH COURT	STATUS OF THE CASE
1.	Mabetwa Enviro & Safari Guide / Rustenburg Local Municipality	Breach of Agreement	Magistrate's Court	Matter was removed the roll.
2.	Michael Sibongile Mabhena / Rustenburg Local Municipality	Vandalism to property (3 Vodacom Public Phones Containers) by Rustenburg Local Municipality (Traffic Officers)	Magistrate's Court	The claimant has issued a letter of demand to which RLM Attorneys responded to. Since then, nothing was heard from the claimant to date. Awaiting complainant to issue summons or the matter will eventually not proceed.
3.	Thomas Alexander Brough & Others / Rustenburg Local Municipality	Demolishing of structures	High Court	The court ordered the Applicant to make necessary application for rezoning of the area.  The matter has been postponed <i>sine die</i> (until further notice).
4.	Engelbrecht HN / Rustenburg Local Municipality	Spoliation Application (Perishable – Water Melons)	Magistrate's Court	The Court has granted an Interim Order against the RLM on the 08 <sup>th</sup> January 2013 to return the goods to the Applicant with the return date on the 06 <sup>th</sup> February 2013, if the matter is unopposed.  The matter was before the court on 12 June 2013 and judgment was handed over on 05 July 2013 in favour of the Plaintiff with costs against RLM on a party and party scale including costs for preparation.

		Claim for Damages of watermelons in the amount of R10 000-00.		<p>After the finalization of the Spoliation matter, the Plaintiff proceeded to institute the incidental claim for damages of the watermelons by issuing summons.</p> <p>Parties are still exchanging pleadings.</p>
5.	Ben Loyd Molepo / Rustenburg Local Municipality	Claim for compensation for injuries sustained as a result of severe electric burns when the Plaintiff stepped on a fallen electric cable.	High Court	Parties are still exchanging Pleadings.
6.	Lesedi News cc / Rustenburg Local Municipality	Application for Review of the Council Resolution regarding the removal of all advertising gantries. Also filed an urgent application to interdict the Defendant not to execute the Council Resolution.	High Court	<p>The matter is set for hearing on Urgent Application on 08 March 2013 to interdict the Defendant from executing the Council Resolution. The matter was postponed on the 08<sup>th</sup> March 2013 to the 13<sup>th</sup> March 2013 and the costs for postponement were reserved.</p> <p>On the 13<sup>th</sup> March 2013, the Court dismissed the application with costs. The Applicant however proceeded with the normal application and the matter was heard on 05 December 2013.</p> <p>The court had delivered judgment on 12 December 2013 in which the Applicant's case was dismissed with costs.</p> <p>The legal costs in the amount of R96 360-00 was paid to RLM on 20 November 2013.</p> <p>The Applicant had filed the application for Leave to Appeal and was granted to be heard by the full bench of the North West High Court. The appeal was heard by the full bench on 01 August 2014 and judgment was reserved. Awaiting judgment of the appeal.</p>
7.	RLM / Randy's Tavern	Restraining the operation of illegal tavern and/or demolition of illegal structure.	High Court	<p>The matter appeared before the court on 30 January 2014. The Respondent applied for postponement to file its opposing papers and the application was granted with wasted costs against the Respondent.</p> <p>Matter postponed until 27 March 2014 and was however removed from the roll by agreement of the parties to supplement pleadings.</p>
10.	Robigyn (Pty) Ltd / RLM	Declaratory Order to compel the Respondent	High Court	The matter was set for urgent application on 16 May 2013 and the

		(RLM) to provide pre-paid meter systems for both electricity and water due to the allegations that the latter is rendering inaccurate and improper invoices to the Applicant.		Parties postponed it <i>sine die</i> (until further notice) with a view of reaching out of court settlement. Matter has been settled out of court.
11.	Mwenzi Service Station CC T/A BP Garage / RLM	Declaratory Order to compel the Respondent (RLM) to comply with applicable legislation with regard the RRT Network	High Court	The court heard the matter on 13 November 2013 and delivered judgment partly in favour of the Applicant with costs on 12 December 2013 and partly in favour of the Respondent (RLM). RLM had applied for leave to appeal and Mwenzi similarly applied for leave for cross appeal coupled with the application in terms of Rule 49(11) to interdict RLM from conducting any construction pending the Appeal Application. Both applications (leave to appeal and cross appeal) were granted to be heard by the Supreme Court of Appeal (SCA). Application in terms of Rule 49(11) was also granted. Awaiting date of hearing of the appeal at SCA.
12.	Rustenburg to Swaziland, Zimbabwe, Mozambique, Lesotho Long Distance Association (RUSZMOLLDTA) and Others / RLM	Spoliation Application for the release of the impounded minus taxis by Cross Boarder Transportation Agency and stored them at RLM Public Safety.	Magistrate Court	The Interim Court Order was granted on 20 June 2013 with the rule <i>nisi</i> for the parties to appear before the court on 17 July 2013. The matter was postponed on 17 July 2013 to 31 July 2013. The matter was heard on 31 July 2013 and again on 06 August 2013. The court dismissed the Applicants' case and the Rule <i>Nisi</i> was discharged. Matter is therefore finalized.
13.	K E Enterprises CC / RLM	Interdict against RLM not to release the retention money to Mozadem Civils in respect of Ikemeleng water reticulation project.	High Court (North Gauteng)	The court had granted an Interim Order (rule nisi) on 30 August 2013 with the return date on 30 October 2013. On 30 October 2013, the matter was not enrolled on the court roll and there was no explanation from the office of the Registrar regarding the whereabouts of the matter. The matter is still pending until the discharge of the <i>rule nisi</i> .
14.	RLM / Mbali Lekgopela, Pako Molatlhegi and Others	Urgent Interdict in respect of disruption water and sewer reticulation project at Lethabong.	Magistrate Court	On 21 November 2013 the court granted an Interim Order with <i>Rule Nisi</i> until 22 January 2014. On 22 January 2014, the court granted final interdict against the Respondents.

				Matter finalized.
15.	Captain Sterling / Rustenburg Local Municipality	Application to interdict the construction of RRT Route at R510 road due to the allegations of the absence of the Water Use Licence as required by the National Water Act.	High Court	Parties are still exchanging pleadings.
16.	Rustenburg Local Municipality / Jan Ntemane	Application to interdict the illegal construction of structure at Erf 1252/2 Rustenburg (193 <sup>A</sup> Kerk Street Rustenburg) due to contravention of the National Building Regulations and Building Standard Act No. 103 of 1977.	High Court	Matter settled out of court.
17.	RLM / A Tayob	Eviction application to remove vehicles and equipment at the Remainder Portion 1 of Farm Town and Townlands Rustenburg 272 JQ	High Court	Parties are still exchanging pleadings.
18.	State / Koketso Mashigo and Others (Kgalalelo Khule & Thomas Molefe)	Assault GBH. The allegation is to the effect that the accused herein are Municipal Law Enforcement Officers have committed the said criminal offence while on duty.	Magistrate Court	Parties managed to settle the matter out of court on 29 October 2013 the charge against all three accused was withdrawn at the instance of the complainant.  Matter finalized.
19.	State / Kgomoitso Rosina Motlhasedi (Municipal Councilor: Ward 31)	Intimidation: The allegation is to the effect that the accused herein is a Municipal Councilor at Ward 31 and her other four (4) who are community members have intimidated the complainant during the community meeting convened by the councillor.	Magistrate Court	The charge was withdrawn on 06 November 2013 due to insufficient evidence.  Matter is therefore finalized.

#### COMBRINK KGATSHE ATTORNEYS

No.	PARTIES	NATURE OF THE MATTER	MAGISTRATE'S COURT / HIGH COURT	STATUS OF THE CASE
1.	Rustenburg Local Municipality / MFM Motor Spares	Claim to recover the amount of R161 000-00 previously paid to the Receiver of Revenue in respect of the initial transfer of the property	Magistrate's Court	Parties are still exchanging pleadings.

		from the RLM to the MFM Motor Spares.		
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#### O. L. THOBEGANE ATTORNEYS

No.	PARTIES	NATURE OF THE MATTER	MAGISTRATE'S COURT / HIGH COURT	STATUS OF THE CASE
1.	Othusitse Rapoo / Rustenburg Local Municipality	The Applicant is alleging discrimination on the grounds of victimization.	Labour Court	Parties are still exchanging pleadings.
2.	Othusitse Rapoo / Rustenburg Local Municipality	The Applicant is alleging discrimination on the grounds of mental illness.	Labour Court	Parties are still exchanging pleadings.
3.	Othusitse Rapoo / Rustenburg Local Municipality	Review application of the SALGBC's Award for dismissal of Applicant's alleged Unfair Labour Dispute.	Labour Court	Parties are still exchanging pleadings.

#### ELN ATTORNEYS

No.	PARTIES	NATURE OF THE MATTER	MAGISTRATE'S COURT / HIGH COURT	STATUS OF THE CASE
1.	Mr. & Mrs. Masikane / Rustenburg Local Municipality	Damages to property as a result of unsuitability of the vacant Erf 2026 Geelhout Park Ext 6	High Court	Parties have reached out of court settlement and RLM compensated the Applicant in full and final settlement the amount of R85 000-00 on 24 October 2013.  Matter is finalized.

## COMPONENT C: RUSTENBURG WATER SERVICES TRUST REPORTS



**Rustenburg Water Service Trust  
Municipal Entity of  
the  
Rustenburg Local Municipality**

***"A successful Rustenburg for the benefit of all"***





**DRAFT ANNUAL REPORT 2013/14 (UNAUDITED)**

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**PART ONE:  
INTRODUCTION**

**TRUST ADMINISTRATOR'S COMMENT**

30 June 2014 marked the end of the ninth financial year of the Rustenburg Water Service Trust. The Trust entered a preparation phase for construction in order to further create capacity at the sewage treatment plants as well as the potable treatment plants. Initial construction at the Bospoort and Rustenburg plants have been completed in 2006 and since then the Trust entered a 'consolidation phase, marked by operation and maintenance only. We are now entering a phase of further development and construction.

On the operational side, both Boitekong- and Rustenburg Sewage Treatment works are operated and are under control of the Operators of the Trust. Treated Sewage water at the Rustenburg Sewage Treatment plant is now of such standard that it is used by the mines in line with the Off Take Agreements. The Bospoort plant produces potable water in line with SANS standards for distribution by Rustenburg Local Municipality.

Although the actual volumes of water treated by the Trust at the sewage treatment and potable plants remain difficult to predict, we experienced consistent growth over the past 9 years, as it is dependent on the growth of the municipality and the amount of residents in the municipality. This is informed by internal growth in the local municipality, but also because of the sporadic unblocking of previously blocked sewers.



**MR B KHENISA  
MUNICIPAL MANAGER**

## CHAPTER 2

### PERFORMANCE HIGHLIGHTS

#### Performance Highlights

The objectives of the Trust can be summarized as follows:

Operating and maintaining of the Boitekong and Rustenburg Waste Water Treatment Plants as well as the Bospoort Purification Plant.

Extending and upgrading of the Boitekong and Rustenburg Waste Water Treatment Plants as well as the Bospoort Purification Plant.

Operate and maintain of the Monakato and Lethabong Waste Water Treatment works as well as the Kloof Purification Plant

#### Boitekong Sewage Treatment plant:

Maintenance of the Boitekong Waste Water Treatment Plant is under control, but the operations are under pressure as the capacity at the plant is under pressure. The plant capacity is 8 Mega Liters per day and we have seen a consistent overloading of this plant. Plant efficiency was for the larger part of the year below expectation as a result of overloading. An application for MIG funds of R13 million for a transfer pipeline between RLM plant and Boitekong plant were successful and RLM has put the construction out on tender. The RWST put out a further MIG application for the upgrade of the plant from 8 ML/day to 18 ML/day. This application was successful and project design started during the year under review. A construction period of 24 months is anticipated.

#### Rustenburg Sewage Treatment plant:

At the Rustenburg plant, the extension of the Rustenburg bio-reactor as well as the refurbishment of the bio-filter has been completed and now has a capacity of treating 42 mega liters of sewage effluent per day. During the previous 6 months we saw an average of 38 mega liter per day of water through the plant. In rainy season after a heavy rain storm, we recorded 68 mega liters going through the plant. An early scoping for the upgrade of this plant is currently under way, as we anticipate running out of capacity in the next 5 years.



Quality of raw effluent received from the Industries in Rustenburg remains a concern. The fat content and COD of raw sewage is higher than allowed and this affects the quality of water supplied to the mines. This in return put the off-take agreement between the Trust and mines at risk. The RWST agreed with Anglo platinum that an extension of the Rustenburg plant will be required to remove excess fat and the mine agreed to share the capital cost of this extension. This project started during the financial year and construction of 18 months is anticipated. The serious pollution matter has been taken up between RLM and the industrial transgressors. In this regard RLM updated the formulae for charging the effluent discharge and was taken

through council for approval. Transgressors were charged by RLM on a monthly basis starting on 1 July 2013 for the first time since 2004. The RWST only performs the ground work for the industrial billing, ie takes and analyses the samples from the industries, interpreting the values of the samples into the billing formula.

#### Bospoort Purification Plant

The Bospoort plant has a capacity 12 Mega Liters of potable water per day. The quality of water meets SANS class 1 standard. The Bospoort Dam has enough yield in order to purify 24 ML/day and the RWST lodged yet another successful MIG application which was approved. Because of the timing of the MIG cash flow, this project will start only in July 2015 with the preliminary designs being conducted in the interim.



A further MIG application for the 20 km 600mm Bospoort transfer pipe was lodged and the outcome is still pending.



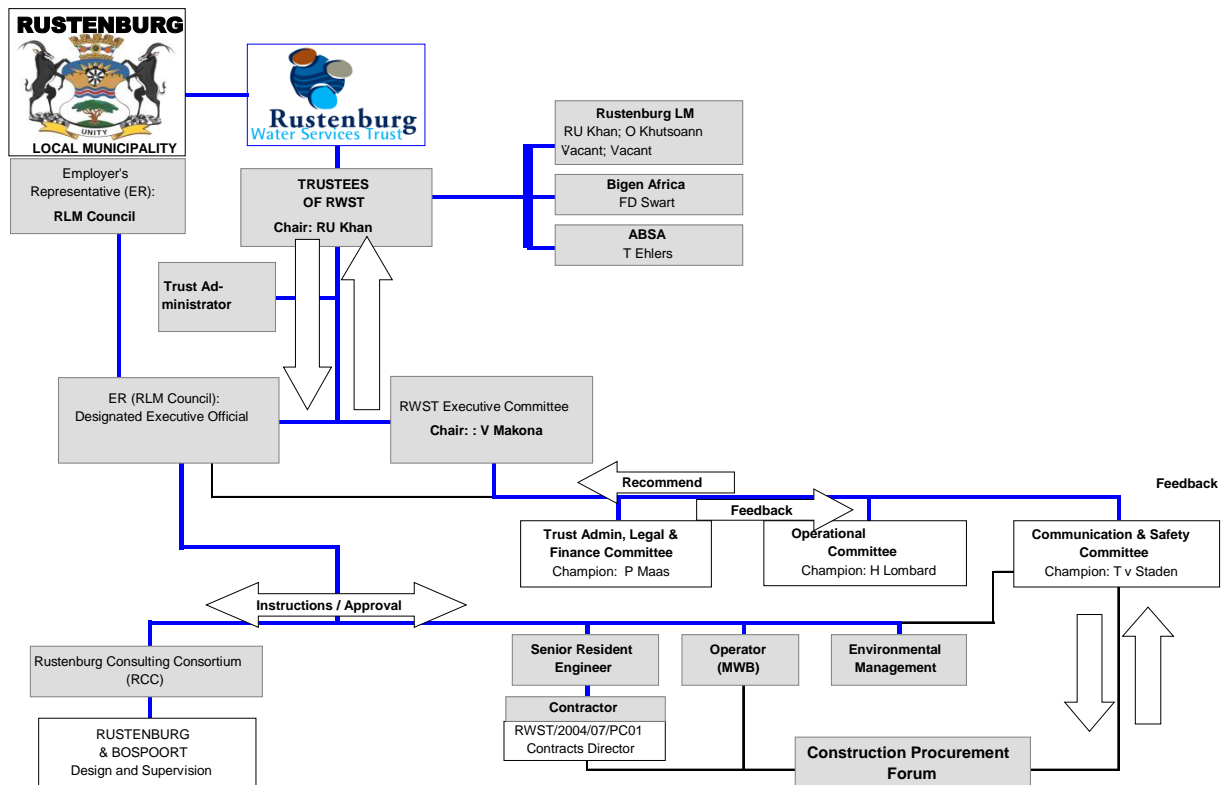
Monakato Sewage Treatment plant:

As is the case at Boitekong, the Monakato sewage treatment plant is overloaded and cannot cope with the new influx after the new RDP housing project have been connected to the incoming sewer line. A new MIG application was lodged to upgrade the capacity of the plant. The outcome of the application is pending.

## CHAPTER 3

### Human Resources and Other Organisational Management

The following is the organizational structure of the Rustenburg Water Service Trust. It is important to note that the Trust does not employ any personnel. The structure is implemented in order for construction and operation to function efficiently. All individuals concerned are paid through their individual service providers.



## CHAPTER 4

### Financial Information

Water treatment at the 4 sewage treatment plants as well as at the 2 water purification plants continued for the 12 months under review. Off take sales to the mines commenced in May 2006 and proper quality ensures that treated water sales to them are ongoing. The current year saw off take sales to the mines collected for the full 12 months and amounted to R 43,8 mil. During the year under review a gross margin of R 87,7 mil against R 74,2 mil the previous year, was achieved. The reason for the increase is due to the appointment of the new operators through which a saving is now realized, as well as increased water volume received and treated. This results in additional gross profit for the Trust. The depreciation charge for the year was R 16,2 mil, added with interest paid of R 26,2 mil, resulting in a surplus of R 32,2 mil. The accumulated surplus of the Trust increased from R 99,3 mil to R 131,63 mil. The surplus will be utilized for the identified refurbishment program on identified plant assets.

The RWST submitted 2 successful MIG applications during the year. The Boitekong plant will be upgraded from 8 MI/day to 18 MI/day and the Bospoort plant from 12 MI/day to 24 MI/day. The grants were approved and the design process will now be followed until construction is ready. These funding will be available in 2014/15 and the years thereafter. No grant funding was received during the year under consideration.

Attached are the draft financial statements (12 months management accounts) of the Trust for the period ended 30 June 2014, as well as the draft performance reports. The audit report from the Auditor General will be obtained after the audit is completed.

Prior construction on the Bospoort Purification Plant as well as the Rustenburg Water Treatment Works started during January 2005 and has been completed in full. The amount spend on construction was R 271,271,228 including capitalized interest. The total outstanding Long term Liability amounts to R 195,543,893 (2013 R 210,464,149). The loan is in process of being repaid. The payment schedule is fixed with final payment due 6 December 2021.

## CHAPTER 5

### Functional Areas Service Delivery Reporting SCORE CARD AND PERFORMANCE

#### Operational:

The Exco reviews the performance of the Operators throughout the year through the monthly operators meetings. Every 6 months a formal performance report is drawn up. The last performance report was for the period 1 January 2014 to 30 June 2014 and is attached for your information. Because of the nature of the work the Operators perform, it was entered into their agreement that their performance be measured in terms of water quality standards. The agreement contains the measurable performance objectives to be evaluated. This measurement is specialised and was carried out by RCC for the first half as well as the second half of the year. The operators contract (Magalies Water) ended on 28 February 2011 and new operators (WSSA) were appointed from 1 March 2011. The new tender process was under consideration during the period under review.

Volume of sewage treated seemed to have stabilised in the past year.

#### Financial

##### Covenants:

The loan from ABSA expires in December 2021 and this loan agreement stipulates 2 areas of performance, one being the Debt service Cover Ratio, and the other is the minimum required levels for the reserve accounts to be maintained.

In terms of the covenants entered into the agreement with the financiers, The Trust has to maintain a "Debt Service Cover Ratio" of at least 1,5 times. The definition for this ratio is profit before depreciation and interest paid plus cash reserves, over debt repayments. The Trust achieved a number of 4,29 times (2013- 4,31 times), well above the covenant.

The KPI is therefore comfortably met.

The required levels for the Reserve accounts, as set in the Loan agreement were all achieved.

Account Name	Required Level	Actual level
Debt Service Reserve Account	R 41,1 mil	R 50,8 mil
Contingency Reserve Account	R 10 mil	R11,3 mil
Industrial Reserve Account	R 2 mil	R 2,3 mil

In response to the 2011 audit report, the Trust embarked on a revaluation of their asset base. This resulted in a revaluation surplus of R 123 mil. As result, the depreciation charge was recalculated and the remaining use full life of the assets was re-established. This resulted in a reduction of the depreciation charge from R 22 mil in the previous years to R 16,2 mil in the current financial year. We now see significant amounts spend on repairs / refurbishment, as the plants are aging. This was expected and will most likely continue going forward. The impact on the following financial year will be the same. In terms of GRAP 126, impairment testing are being conducted and might result in a write down to the reserve and also maybe to profit and loss.



## Chapter 6

### Conclusion

The financial performance of the trust is directly linked to the volume of water received, which is directly linked to the rainy season as well as number of people using the sewage system in the municipality. Raw Water quality remains a concern to the Trust and was addressed by Rustenburg Water Service Trust as well as Rustenburg Local Municipality (this is industrial effluent). In this regard the industries have been billed and some level of cooperation has been achieved between the larger polluters. Water prices are dictated by the consumer price index and the reigning Rand Water price.

As the trust entered into a loan agreement based on a limited recourse project finance model, zero lateral strategic movement is allowed by the financiers, without their consent. The trust remains focussed on delivery of quality water at their plants and repaying the ABSA long term debt. A close eye is kept on the performance of the Operators as it remains key for the success of the Trust and the long term viability of the project.

The performance report and financial statements are attached for your attention.



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## REPORT OF THE AUDITOR-GENERAL TO THE NORTH WEST PROVINCIAL LEGISLATURE AND THE COUNCIL OF THE RUSTENBURG WATER SERVICES TRUST

### REPORT ON THE FINANCIAL STATEMENTS

#### Introduction

1. I have audited the financial statements of the Rustenburg Water Services Trust set out on pages 389 to 404, which comprise the statement of financial position as at 30 June 2014, the statement of financial performance, statement of changes in net assets, and cash flow statement and performance report which is the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

#### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



## Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Rustenburg Water Services Trust as at 30 June 2014, and its financial performance and cash flows for the year then ended in accordance with the SA Standards of GRAP and the requirements of the MFMA.

## Additional matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

## Unaudited supplementary schedules

8. In terms of section 125(2)(e) of the MFMA the municipal entity is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

## Unaudited disclosure notes

9. The supplementary information set out on pages 403 to 404 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

## REPORT ON OTHER LEGAL AND REGULARITY REQUIREMENTS

10. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for the selected objectives presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

## Predetermined objectives

11. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the trust for the year ended 30 June 2014:
  - Rustenburg Sewage Treatment Plant: on page 378.
  - Bospoort Water Purification Plant: on page 379.
12. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
13. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPi).
14. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
15. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected objectives.



### **Additional matter**

16. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected development priorities, I draw attention to the following matter:

### **Achievement of planned targets**

17. Refer to the annual performance report on pages 383 for information on the achievement of the planned targets for the year.

### **Compliance with legislation**

18. I performed procedures to obtain evidence that the trust had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

### **Procurement and contract management**

19. The municipal entity did not implement a SCM policy as required by section 111 of the MFMA..  
20. Construction projects were not always registered with the Construction Industry Development Board (CIDB), as required by section 22 of the CIDB Act and CIDB regulation 18.

### **Audit committee**

21. The audit committee did not advise the accounting officer on matters relating to internal financial control and internal audits, risk management, accounting policies, effective governance, performance management and performance evaluation as required by section 166(2)(a) of the MFMA.  
22. The audit committee did not review the annual financial statements to provide the council of parent municipality with an authoritative and credible view of the financial position of the entity, its efficiency and effectiveness and its overall level of compliance with legislation, as required by section 166(2)(b) of the MFMA.  
23. The audit committee did not meet at least four times a year, as required by section 166(4)(b) of the MFMA.

### **Internal audit**

24. The internal audit unit did not function as required by section 165(2) of the MFMA, in that:
- It did not prepare a risk-based audit plan and an internal audit programme for the financial year under review
  - It did not report to the audit committee on the implementation of the internal audit plan
  - It did not advise the accounting officer and report to the audit committee on matters relating to internal audit, internal controls, accounting procedures and practices, risk and risk management
25. The internal audit unit did not advise the accounting officer and report to the audit committee on matters relating to compliance with the MFMA and other applicable legislation, as required by section 165(2)(b)(vii) of the MFMA.

### **Internal control**

26. I considered internal control relevant to my audit of the financial statements, performance report and compliance with legislation. The matters reported below are limited to the



significant internal control deficiencies that resulted in the basis for the findings on non-compliance with legislation included in this report.

## **Governance**

27. The entity faces a variety of external and internal risks, which was not assessed by internal audit, to form the basis for determining how the risks will be managed. Furthermore, the audit committee did not provide oversight over the effectiveness of the internal control environment including financial and performance reporting and compliance with laws and regulations.

Rustenburg  
27 November 2014



**AUDITOR - GENERAL**  
**SOUTH AFRICA**

*Auditing to build public confidence*



## **ANNUAL FINANCIAL STATEMENTS**

**30 JUNE 2014**

**TRUST INFORMATION**

**TRUST REFERENCE NUMBER** : IT 6155/03

**TRUSTEES**

*Date of appointment*

Dr AP Pitsoe (Term expired)	17 November 2011
KS Ndlovu (Term expired)	17 November 2011
TJ Ehlers	1 December 2009
FD Swart	1 September 2003
OG Khutsoane	6 June 2013
RU Khan	6 June 2013

**REGISTERED OFFICE**

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Cnr Nelson Mandela and Beyers Naude Drive  
Rustenburg  
0300

**POSTAL ADDRESS**

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Private bag X 82323  
Rustenburg  
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**AUDITORS**

Office of the Auditor-General  
124 Kock Street  
Rustenburg  
0300

**BANKERS**

ABSA Business Bank  
91 Church Street  
Klerksdorp  
5271

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**TRUSTEES' REPORT**

For the year ended 30 June 2014

The trustees present their annual report of the Trust, for the period ended 30 June 2014.

**1 General information**

The Trusts objective is to procure the design, construction, implementation, operation and maintenance of the Rustenburg, Bospoort and the Boitekong water supply scheme in the most cost effective manner and for the purpose of maximizing the Trust income to be distributed to the beneficiary as well as to provide potable water to Rustenburg Local Municipality.

**2 Date of Incorporation**

Date of incorporation of the Trust is 1 September 2003

**3 Operating and financial review**

	2014 R	2013 R
Revenue	134 273 118	117 602 945
Operating surplus	54 323 610	43 783 052
Net surplus for the period	34 331 616	21 105 656
<b>Total assets</b>	<b>473 167 683</b>	<b>466 657 467</b>
<b>Total liabilities</b>	<b>215 894 746</b>	<b>243 128 012</b>

**4 Statutory funds**

Donation of R1, 000 were donated by the donors as per the deed of the Trust

**5 Financial objectives and performance against surplus forecasts**

Financial performance for the 12 month period was satisfactory, although above management's expectations. This was due to more than expected water flow as well as a saving achieved through the new operators of the plants.

**6 Trustees and secretary**

The following are the registered trustees of the Trust:

30-Jun-14	30-Jun-13
Rafat Khan	Rafat Khan
Dr Pitsoe - resigned	Dr Pitsoe
Kallego Ndlovu - resigned	Kallego Ndlovu
Obakeng Khutsokane	Obakeng Khutsokane
Theuns Ehlers	Theuns Ehlers
Francois Daniel Swart	Francois Daniel Swart

**7 Beneficiary details**

The sole beneficiary of the Trust is the Rustenburg Local Municipality.

**8 Auditors**

In terms of Section 92 of the Municipal Finance Management Act (MFMA) No 56 of 2003, the audit will be conducted by the Office of the Auditor-General.

**9 Statements of responsibility**

The Trustees are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statement and related information. The auditors are responsible to report on the fair representation of the financial statements. The financial statements are prepared in accordance with and comply with Statements of Generally Recognised Accounting Practice (GRAP) and in the manner required by the Municipal Systems Act.

The Trustees are responsible for the Trust's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the trustees to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the Trustees have every reason to believe that the trust has adequate resources in place to continue in operation for the foreseeable future.



10 Contingent Liability

As reported in 2013, the Trust received a retrospective invoice from Magalies Water, the previous operator, amounting to R 17,5 mil, they have subsequently reduced their claim to R 11,0 mil. The Trust obtained a legal opinion on the matter which states that there is likely to be no liability to the Trust. Magalies approached National Treasury who indicated the steps to be followed by Magalies Water, should they wish to take the matter on arbitration. The Trust is waiting for Magalies to take the process forward, should they wish to do so.

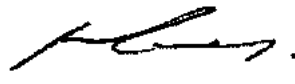
11 Fair Value Adjustment

The Trustees embarked on a revaluation in terms of GRAP 17 and all Property Plant and Equipment on the plants have been revalued on 30 June 2012. This resulted in a revaluation surplus on the Statement of Financial Position. An impairment test was conducted on the assets in 2014 and resulted in a write down of some of the assets.

The financial statements were accepted by the trustees on 22/8/2014 and are signed on its behalf by:



TRUSTEE



ADMINISTRATOR

# Rustenburg Water Services Trust



## STATEMENT OF FINANCIAL POSITION At 30 June 2014

	NOTES	2014 R	2013 R
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Long term liabilities	5	181 170 306	198 094 617
<b>Current liabilities</b>			
Trade and other payables (exchange transactions)	8	17 774 595	30 055 754
Short Term Portion of Liabilities	5	16 949 845	14 977 641
		<u>34 724 440</u>	<u>45 033 395</u>
<b>Total Liabilities</b>		<u>215 894 746</u>	<u>243 128 012</u>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Lease Hold Improvements	3	330 587 800	329 718 552
		<u>330 587 800</u>	<u>329 718 552</u>
<b>Current assets</b>			
Trade receivables (exchange transactions)	6	40 520 382	18 058 420
Cash resources	7	102 059 501	118 880 495
		<u>142 579 883</u>	<u>136 938 915</u>
<b>Total Assets</b>		<u>473 167 683</u>	<u>466 657 467</u>
<b>NET ASSETS</b>			
Statutory funds		1 000	1 000
Revaluation Surplus		122 898 787	123 486 921
Distributable reserves	4	134 373 150	100 041 534
<b>TOTAL NET ASSETS</b>		<u>257 272 937</u>	<u>223 529 455</u>

# Rustenburg Water Services Trust



## STATEMENT OF FINANCIAL PERFORMANCE For the year ended 30 June 2014

	2014 R	2013 R
<b>REVENUE</b>		
Sales - water	134 273 118	117 602 945
<b>COST OF SALES</b>		
Rustenburg WWTW	24 685 905	21 202 084
Boitekong WWTW	7 174 441	6 439 876
Bospoort WTW	11 684 130	10 144 414
Kloof WTW	579 831	503 333
Monakato WWTW	608 221	572 275
Lethabong WWTW	633 485	597 767
Effluent monitoring	1 015 477	505 654
<b>Operator overheads</b>		
Day works and provisional sums	1 327 786	1 245 747
Management and general staff	1 275 707	1 201 363
	48 964 963	42 412 513
<b>GROSS MARGIN</b>	85 308 155	75 190 432
<b>OTHER INCOME</b>		
Tender documents	12 800	-
Recovery of Anglo DAF expenses	1 075 507	-
Loss disposal of fixed assets	(524 804)	(242 536)
	563 503	(242 536)
	85 871 658	74 947 896
<b>EXPENSES</b>		
Administrator's remuneration	1 354 067	1 236 903
Auditors Remuneration	214 263	-
Advertising and Promotions	13 493	-
Bank charges	17 602	7 413
Consulting fees	103 820	-
Depreciation	15 384 400	15 395 455
GRAP 17 Compliance	197 559	145 441
Insurance	788 039	650 085
Impairment loss	188 893	189 998
Legal Fees	167 059	87 939
Loss on disposal of fixed assets	-	-
O & M Supervision	1 818 402	1 752 156
Repairs	10 677 563	10 548 658
O & M Contract	419 071	-
Trustees Remuneration	118 571	46 936
DWA License cost	105 246	1 103 860
	31 548 048	31 164 844
<b>Surplus from operations</b>	54 323 610	43 783 052
<b>Finance costs</b>		
Interest received	6 494 284	5 537 669
Interest paid	(26 486 278)	(28 215 065)
<b>Surplus for the period</b>	34 331 616	21 105 656

# Rustenburg Water Services Trust



## STATEMENT OF CHANGES IN EQUITY (Continued) For the year ended 30 June 2014

	Note	Statutory funds R	Retained Earnings R	Revaluation Surplus R	Total R
Balance at 30 June 2006		1 000	10 966 963		10 967 963
Net surplus for the year			4 536 676		4 536 676
Balance at 30 June 2007		1 000	15 503 639		15 504 639
Net deficit for the year			(8 141 914)		(8 141 914)
Balance at 30 June 2008		1 000	7 361 725		7 362 725
Net deficit for the year			(5 331 223)		(5 331 223)
Balance at 30 June 2009		1 000	2 030 502		2 031 502
Net deficit for the year			(545 853)		(545 853)
Balance at 30 June 2010		1 000	1 484 649		1 485 649
Prior year adjustments			42 441 834		42 441 834
Net surplus for the year			21 185 034		21 185 034
Balance at 30 June 2011		1 000	65 111 517		65 112 517
Net surplus for the year			13 824 361		13 824 361
Revaluation surplus for the year			-	124 187 680	124 187 680
Balance at 30 June 2012		1 000	78 935 878	124 187 680	203 124 558
Net surplus for the year			21 105 650		21 105 656
Impairment adjustment for the year				(700 759)	(700 759)
Balance at 30 June 2013		1 000	100 041 534	123 486 921	223 529 455
Net surplus for the year			34 331 616		34 331 616
Impairment adjustment for the year	19			(588 134)	(588 134)
Balance at 30 June 2014		1 000	134 373 150	122 898 787	257 272 937

**STATEMENT OF CASH FLOWS**  
For the year ended 30 June 2014

	NOTES	2014 R	2013 R
<b>Cash flows from operating activities</b>			
Cash receipts from operating activities		112 374 659	114 873 404
Cash paid to suppliers		77 220 877	50 496 642
Cash generated from operations	10	35 153 782	64 376 762
Interest paid		(26 486 278)	(28 215 065)
Interest received		6 494 284	5 537 669
<b>Net cash flow from operating activities</b>		<b>15 161 788</b>	<b>41 698 366</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(17 030 675)	(10 538 315)
<b>Net cash flow from investing activities</b>		<b>(17 030 675)</b>	<b>(10 538 315)</b>
<b>Cash flow from financing activities</b>			
Long term Liabilities	5	(14 952 107)	(13 231 829)
<b>Net cash flow from financing activities</b>		<b>(14 952 107)</b>	<b>(13 231 829)</b>
Net (decrease) / increase in cash and cash equivalents		(16 820 994)	17 928 222
Cash and cash equivalents at beginning of year		118 880 495	100 952 273
<b>Cash and Cash equivalents at end of year</b>	7	<b>102 059 501</b>	<b>118 880 495</b>

**ACCOUNTING POLICIES**

**For the year ended 30 June 2014**

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

**1 BASIS OF PREPARATION**

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

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

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

GRAP 32, Service Concession Arrangements: Grantor

GRAP 108, Statutory Receivables

GRAP 18, Segment reporting - issued March 2005

GRAP 20, Related Party Disclosures (Revised)

GRAP 105 Transfers between entities under common control - issued November 2010

GRAP 106 Transfers between entities not under common control - issued November 2010

GRAP 107 Mergers - issued November 2010

**2 TRADE RECEIVABLES**

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

**3 TRADE PAYABLES**

Trade payables are measured at fair value.

**4 CASH AND CASH EQUIVALENTS**

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

**5 BORROWINGS AND BORROWING COST**

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

## 6 LEASEHOLD IMPROVEMENTS

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

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

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

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

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

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

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

Land and Buildings	5 - 80 years
Plant - Machinery	5 - 100 years
Movable assets	5 - 50 years

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

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

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

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

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

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

**7 PROVISIONS**

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

**8 REVENUE RECOGNITION**

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

**(a) Sale of goods**

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

**(b) Interest income**

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

**(c) Contributions received**

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

**9 RESERVE ACCOUNTS**

**Contingency Reserve Account**

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

**Debt Service Reserve Account**

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

**Industrial Contingency Reserve account**

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

**10 FINANCIAL INSTRUMENTS**

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

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

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

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

**11 GOING CONCERN**

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

**12 ROUNDING**

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

**13 Events after year end date**

To the knowledge of the Trustees there were no events after year end which could negatively impact on the going concern of the Trust.



**1. FINANCIAL RISK MANAGEMENT**

The Trust is exposed to financial risk through its financial assets and financial liabilities.

The Trustees has overall responsibility for the establishment and oversight of the entity's risk management framework. The Trust has appointed the trust administrator, which is responsible for developing and monitoring the Trust's risk management policies. The administrator reports regularly to the Trustees on its activities.

The Trust's risk management policies are established to identify and analyse the risks faced by the Trust, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Trust's activities. The Trust, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all Trustees and contractors understand their roles and obligations.

The Trust's exposure to risk, its objectives, policies and processes for managing the risk arising from its financial instruments and methods used to measure the Trust's exposure to these risks, have not changed significantly from the prior year.

The Trust does not have major exposure to credit, liquidity and market risk, which is described in more detail below.

*Credit risk*

Financial assets, which potentially subject the Trust to concentrations of credit risk, consist principally of cash, short-term deposits and trade receivables. The Trust's cash equivalents and short-term deposits are placed with high-credit quality financial institutions. Credit risk with respect to trade receivable is limited due to the fact that there are only three major customers, being the Rustenburg Local Municipality, Anglo Platinum and Impala Platinum.

The carrying amounts of financial assets included in the balance sheet represent the Trust's exposure to credit risk in relation to these assets.

*Fair values*

The fair values of the financial assets and liabilities are disclosed in the relevant notes.

*Interest rate risk*

The Trust's income and operating cash flows are substantially independent of changes in market interest rates. The Trust has no significant interest bearing assets.

*Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Trust aims at maintaining flexibility in funding by keeping committed credit lines available.

		2014	2013
		R	R
<b>4</b>	<b>DISTRIBUTABLE RESERVES</b>		
	At beginning of year	100 041 534	78 935 876
	Profit for the year	34 331 618	21 105 656
		134 373 150	100 041 534
	Balance at end of year	134 373 150	100 041 534
<b>5</b>	<b>LONG TERM LIABILITIES</b>		
	<b>Non-current</b>		
5.1	Bank borrowings		
	ABSA Bank Limited	195 543 893	210 464 149
	The loan is secured by:		
	• a general notarial bond over the movable assets of the Trust.		
	• cession of the Rustenburg Lease Agreement		
	• the Debt Service Reserve Account, the Contingency Reserve Account and the Industrial Contingency Reserve Account.		
	The loan bears interest at a rate, 12.34% NACM. The loan is repayable over a period of 15 years.		
	Initial borrowing costs were capitalised		
	Less short term portion	(16 898 063)	(14 945 791)
		178 645 830	195 518 358
5.2	Finance lease liabilities		
	Rustenburg Local Municipality	2 576 258	2 608 109
	Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default, subject to the cession of the lease agreement as security for the bank borrowings. The interest rate implicit in the lease is 11%		
	Less short term portion	(51 782)	(31 850)
		181 170 306	198 094 617
5.2.1	Reconciliation of future minimum lease payments to the present value of future minimum lease payments.		
	Future minimum lease payments	4 744 582	5 062 575
	Not later than 1 year	333 893	317 993
	Later than 1 year and not later than 5 years	1 937 483	1 845 148
	Later than 5 years	2 473 206	2 899 434
	Interest	-2 168 323	-2 454 466
	Present value of future minimum lease payments	2 576 259	2 608 109
	Not later than 1 year	51 782	31 850
	Later than 1 year and not later than 5 years	680 205	525 920
	Later than 5 years	1 844 271	2 050 338

	2013 R	Previous years R
<b>20 CORRECTION OF ERROR</b>		
During the 2013 and previous financial years the Trust accounted for its interest received and insurance paid on cash basis and not on accrual basis. After the audit of 2014 the Trust decided to account for interest received and insurance paid on an accrual basis, this resulted in the following adjustments for 2013 and previous financial years:		
<b>Interest received</b>		
Interest received were credited (income statement)	41 685	
Bank was debited (balance sheet)	41 685	
Retained earnings were credited (balance sheet)		201 634
Bank was debited (balance sheet)		201 634
<b>Insurance paid</b>		
Insurance paid were credited (income statement)	101 894	
Prepayments were debited (balance sheet)	101 894	
Retained earnings were credited (balance sheet)		336 761
Prepayments were debited (balance sheet)		336 761
The trust also recalculated its depreciation on the additions incurred in the 2013 financial year, the effect on the financials were as follows:		
Depreciation was credited (income statement)	14 483	
Accumulated depreciation was debited (balance sheet)	14 483	

	Total project value	Spent to date	Value of commitment
<b>21 FINANCIAL OBLIGATIONS</b>			
A part of the Work in Progress contained in note 3 puts the Trust under certain financial commitments. The Trust are in the process of constructing a sludge handling facility. The project undertaken has two sections namely construction of the concrete slab and the industrial building, these two phases had the following commitments at year end:			
Concrete slab	10 403 325	5 942 865	4 460 660
Industrial building	3 230 622	1 582 861	1 647 761
	<b>13 633 947</b>	<b>7 525 726</b>	<b>6 108 421</b>

These values excludes VAT.

## APPENDICES TO THE FINANCIAL STATEMENTS

The trustees present their annual report of the Trust, for the period ended 30 June 2014.

## ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

## INFRASTRUCTURE ASSETS

	CAPITAL PROJECTS (WIP) R	Water purification works R	Sewerage purification works R	Total R
<b>2014</b>				
Cost/ Revaluation	12 244 521	213 774 538	495 178 536	721 197 595
Accumulated Depreciation	-	(131 243 041)	(259 366 754)	(390 609 795)
Net Book Amount	<u>12 244 521</u>	<u>82 531 497</u>	<u>235 811 782</u>	<u>330 587 800</u>
<b>2013</b>				
Cost/ Revaluation	-	213 535 390	491 789 158	705 328 548
Accumulated Depreciation	-	(124 763 718)	(250 846 278)	(375 609 996)
Net Book Amount	<u>-</u>	<u>88 775 672</u>	<u>240 942 880</u>	<u>329 718 552</u>

## PERFORMANCE REPORT

	Actual 2014 R	Budget 2014 R	% Variance 2014 R	
<b>REVENUE</b>				
Sales: RLM	90 443 502	82 623 751	9.46%	Acceptable, volume related - more water received than budgeted
Sales: Mines	43 829 616	42 957 288	2.03%	Acceptable, more taken by mines than the offtake volumes
<b>TOTAL REVENUE</b>	<b>134 273 118</b>	<b>125 581 039</b>	<b>6.92%</b>	
<b>COST OF SALES</b>				
Rustenburg WWTW	24 655 905	21 681 476	-13.76%	24% more water was treated at this plant - expected, amend budget
Botlekong WWTW	7 174 441	6 791 398	-5.64%	14% more water was treated at this plant - expected, amend budget
Bospoort WTW	11 684 130	10 492 591	-11.58%	2% more water was treated at this plant, O&M cost - amend budget
Kloof WTW	579 831	586 329	1.1%	Acceptable
Monakato WWTW	608 221	618 588	1.84%	Acceptable
Lethabong WWTW	633 465	647 655	2.19%	Acceptable
Effluent monitoring	1 015 477	707 268	-43.58%	Extra sampling performed on the industries
Operator overheads	2 603 493	2 680 898	2.16%	Acceptable
<b>Total Cost of Sales</b>	<b>48 964 963</b>	<b>44 167 212</b>	<b>-10.81%</b>	
<b>GROSS MARGIN</b>	<b>85 308 155</b>	<b>81 393 827</b>	<b>4.81%</b>	Acceptable
<b>OTHER INCOME</b>				
Tender deposits received	12 800	-	100.00%	Not controllable
Recovery of Anglo DAF expenses	1 075 507	-	100.00%	Budget to be adjusted
Loss on disposal of fixed assets	(524 804)	-	100.00%	
	<b>563 503</b>	<b>-</b>	<b>100.00%</b>	
<b>EXPENSES</b>				
Administrator's remuneration	1 354 067	1 306 135	-3.67%	More meetings than budgeted - acceptable
Advertising and marketing	13 493	44 464	69.65%	Saving - Budget to be adjusted lower
Auditors Remuneration	214 263	348 832	38.58%	No invoices received, provision made
Bank charges	17 602	60 000	70.66%	Budget to be adjusted, minor amount
Consultants Fees Ad Hoc tasks	103 820	362 212	71.34%	Saving Acceptable
Depreciation	15 384 400	15 579 912	1.25%	Acceptable
Impairment loss	188 893	0	-100.00%	Uncontrollable item - Budget to be adjusted - aging plant
DWA Compliance	105 246	1 264 050	91.87%	Acceptable, borehole done last year
GRAP 17 Compliance	197 559	195 000	-1.31%	Acceptable
Insurance	768 039	742 242	-3.48%	Due to revaluation in 2012
Legal Fees	167 059	257 635	35.16%	Saving
Repairs	10 677 563	10 100 000	-5.72%	Uncontrollable item - Budget to be adjusted - aging plant
Trustees Remuneration	118 571	116 121.66	-2.11%	Acceptable
O&M Supervision	1 818 402	1 887 648	3.67%	Acceptable
O&M Contract	419 071	421 350	0.54%	Acceptable
Leasing Charges	286 143	311 251	8.07%	Budget to be reviewed
	<b>31 834 191</b>	<b>32 996 852</b>	<b>3.52%</b>	
<b>Surplus from operations</b>	<b>54 037 467</b>	<b>48 396 975</b>	<b>11.65%</b>	
<b>Finance costs - net</b>				
Interest received	6 494 284	7 678 263	-15.42%	Budget to be reviewed
Interest paid	(26 200 135)	(26 200 135)	0.00%	
<b>Surplus for the period</b>	<b>34 331 616</b>	<b>29 875 104</b>		
<b>Debt Service Cover Ratio:</b>	<b>EBIT &amp; Depreciation</b>	<b>69 421 867</b>	<b>63 976 887</b>	
	<b>Reserves</b>	<b>102 059 501</b>	<b>102 059 501</b>	
	<b>Bank repayments</b>	<b>41 144 044</b>	<b>41 144 044</b>	
	<b>Including reserves</b>	<b>4.17</b>	<b>4.04</b>	
	<b>Excluding reserves</b>	<b>1.69</b>	<b>1.55</b>	Acceptable

## GLOSSARY

Activities	The process or actions taken to turn inputs into desired outputs and ultimately outcomes. Activities describe what is done.
Adequacy Indicator	The quantity of input or output relative to the need or demand.
Annual Report	A report prepared in terms of the requirements of the Municipal Finance Management Act, 2003 (Act No. 56(121) of 2003
Approved Budget	An estimate of revenue and expenditure for a certain period that was tabled by the Executive Mayor in council.
Baseline	The current level of performance that the municipality intends to improve when setting targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic Municipal Service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area.
Budget Year	The Financial Year for which an annual budget is approved. The municipal financial year begins from 01 July and ends on 30 June of the following year.
Cost Indicator	The overall cost or expenditure of producing a specified quantity of outputs
Financial Statement	Includes at least a statement of financial position, statement of financial performance, cash flow statement, notes to these statements and any other statements that may be prescribed
General Key Performance Indicator	These were prescribed by the Minister responsible for Provincial and Local Government for use by all municipalities per Municipal Planning and Performance Management Regulations, 2001.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating decent jobs
Inputs	All resources that are used to contribute to the production and delivery of outputs. They include equipment and buildings, finances and personnel.
Integrated Development Plan	A strategic planning document that outlines the municipality's development goals, objectives, priorities and strategies.
National Key Performance Areas	These were prescribed by the Minister responsible for Provincial and Local Government to ensure that the reconstruction and development of the country is focused. They are: Basic Service Delivery and Infrastructure Development; Municipal Transformation and Institutional Development; Local Economic Development; Municipal Financial Viability and Management; and Good Governance and Community Participation
Outcomes	The medium-term results for specific beneficiaries that are the consequences of achieving specific outputs. They should clearly relate to the organisation's strategic
Outputs	These are final products, goods or services produced for delivery. They are concrete achievements that contribute towards the attainment of the outcome.
Performance Indicator	It is information used to gauge the extent to which an output has been achieved. In other words it is a tool that is used to measure performance.
Performance Information	Generic term used for non-financial performance information about municipal services and activities.
Performance Targets	The level of performance the municipality strives to achieve during a particular period beginning from the current baseline
Service Delivery and Budget Implementation Plan	Detailed plan approved by the Executive Mayor for implementing the municipality's IDP. It includes projections for revenue collection, operational and capital expenditure by vote for each month plus key performance indicators and targets.
Vote	One of the main segments into which a budget of a municipality is divided for the appropriation of money for different functional areas of the municipality. It specifies the total amount that is appropriated for the purpose of a specific functional area.