

RUSTENBURG LOCAL MUNICIPALITY



ANNUAL REPORT

2017-2018



Vision



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

Mission



To continuously improve the quality of life, economic growth and eradicate poverty through the best practice, sustainable and inclusive government



Municipal Values

- **Customer First:** We shall at all times be loyal to our customers/clients and surpass their needs through living the Batho Pele Principle
- **Integrity and Transparency:** We shall consistently and diligently uphold ethical behaviour and honesty communicate truthfully amongst ourselves, our stakeholders and our clients
- **Accountable and Responsible:** We shall create and adhere to a performance enabling culture; empowering each other so together we realise our world class city
- **Speedy Execution:** We shall make prompt decisions, take appropriate actions and execution of our functions as informed by our strategic priorities



Strategic Priorities

- **Priority 1:** Develop and sustain a spatial, natural and built environment
- **Priority 2:** Drive a vibrant diversified economic growth and job creation
- **Priority 3:** Ensure a sustainable municipal financial viability and management
- **Priority 4:** Maintain a safe; healthy and socially cohesive environment for all
- **Priority 5:** Transform and maintain a vibrant and sustainable rural development
- **Priority 6:** Uphold good governance and public participation principles
- **Priority 7:** Drive optimal municipal institutional development, transformation and capacity building



Municipal Goals

- **Goal 1:** An Accessible, Connected City
- **Goal 2:** An Active, Healthy City
- **Goal 3:** Habitable, Clean and Green City
- **Goal 4:** A Friendly, Safer City
- **Goal 5:** A New Post Mining World City
- **Goal 6:** A Smart, Prosperous City
- **Goal 7:** a Vibrant, Creative and Innovative City
- **Goal 8:** A Well-Designed, Subtropical City
- **Goal 9:** An Efficient, Effective and Well-Governed City
- **Goal 10:** Sustainable Livelihoods and Resilient Infrastructure
- **Goal 11:** City of Sustainable and Efficient Resource Management

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ACRONYMS

Acronym	Detail
CCTV	Closed Circuit Television
COGTA	Department of Co-operative Governance and Traditional Affairs
CPI	Consumer Price Index
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
EMT	Executive Management Team
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
MPRA	Local Government: Municipal Property Rates Act 6 of 2004
MSA	Local Government: Municipal Systems Act 32 of 2000
MTREF	Medium- term Revenue and Expenditure Framework
NDP	National Development Plan
NGO	Non-government Organisation
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
SEO	Search Engine Optimization
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

CHAPTER ONE: EXECUTIVE MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: EXECUTIVE MAYOR'S FOREWORD



The 2017/2018 financial year marks a very important milestone in this term of Council as it serves as a mid-point at which, the Rustenburg Local Municipality can reflect in great detail about the challenges and successes of delivering on the Constitutional mandate of provision of basic services to communities in a sustainable manner. The Rustenburg Local Municipality has focused on accelerating its approach towards the resolve of varying service delivery backlogs in its municipal jurisdiction.

As a result, in the financial year under review all of the Municipal projects were geared towards the 7 Municipal priorities, in conjunction with the founding objects of local government as enshrined in the country's constitution. Core to our mandate as an institution at the grass-roots level of

dispensing service delivery, we had been plagued by the regrettable appointments of Acting Municipal Managers, from 2015. As a result, the institution did not have an Accounting Officer, who leads the implementation of key Council resolutions, provides administrative leadership and is able to report back on progress on a consistent and continued basis. In early 2017, Council made a key appointment of the Municipal Manager. This critical appointment sought to address the challenges highlighted above and ensure the disconnect which existed between the political leadership and administration due to the assumption of duties by different persons appointed to the position ceased.

We have continually strived to ensure that we deliver quality basic services to communities while responding timeously and adequately to the concerns and challenges raised by the different communities. Our task is far from complete, with resources already stretched and demand for basic services already high, we have shown significant progress in addressing some of the service delivery-oriented challenges faced by communities. We continue to engage regularly with all stakeholders to share information about all key Municipal developmental projects, while ensuring the necessary beneficiation where the projects are implemented.

To achieve the set targets in relation to service delivery, the Municipality needs to address adequately below-par performance especially at a time where the mining operations in our area have substantially reduced productivity which has led to job shedding in the sector, thus creating an increased dependence on basic service delivery by those who are no longer active economic participants in our City. This on-going blood-bath in the sector, has indirectly increased our focus in making Rustenburg more sustainable for both residents and business by tapping into other facets of the economy to ensure continued growth.


The Rustenburg Local Municipality has in the past financial year worked to improve the administration and dispensation of public funds, on behalf of the community in line with the basic values and principles of public administration. This gives the communities the needed confidence in the leadership and management of the institution in such a way that the credibility and integrity of the municipality are not compromised. Despite these ideal, the Auditor General's findings on the administration and financial management of the public purse is rather regrettable. It details a long-battle of little action with no serious consequences. It is time that the Accounting Officer, intensifies the seriousness of principles of good governance to the team of Senior Managers in order to ensure, that the institution does not lose a cent more, which could have directed to the betterment of services of our communities.

We have turned the tide, against the abuse of public funds, fraud and corruption within the operations of the Rustenburg Local Municipality. To this end, we have been communicating with our communities on the outcomes of forensic investigations, where officials were implicated and the subsequent actions that have been taken by the Municipality. We have continued to demonstrate our commitment to the vision and mission of our Municipality, which includes building clean, responsive and accountable municipality, making sure that systems, structures and procedures are developed and enforced to deal with corruption and any form of maladministration.

Resources have been allocated to augment bulk water supply, upgrade substations, replace aged water infrastructure as well as to deal with revenue-leaks in the financial system. We have seen successes in the implementation of a number of Council resolutions, in the financial year under review, which have translated to milestone projects for the Municipality. We have also registered great progress in ensuring that household which have not received basic access to water, sanitation and electricity have been connected to the related infrastructure, however we continue to fall short of our own envisaged targets in certain respects.

We have ensured that in making peri-urban areas safer and serviceable, we have rolled out public lighting projects to areas such as Kanana, Lesung, Rankelenyane, Robega, Mosenthal, Thabaneng and Maumong. Notwithstanding the socio-economic challenges which continue to batter our communities, we have been able to create jobs through the Extended Public Works Program (EPWP) as part of our eco-friendly and conservation intervention measures.

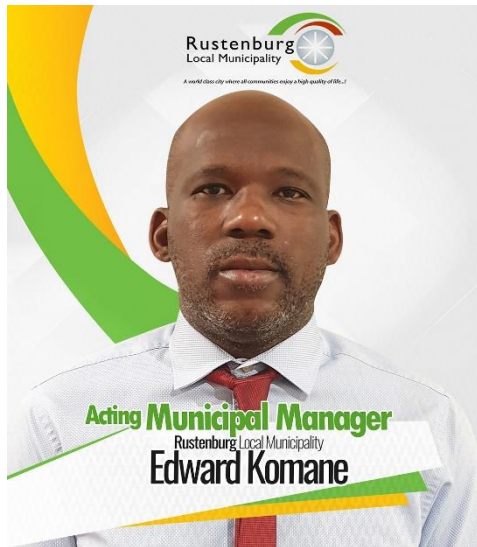
The key objective remains to obtain a clean audit in the next two (2) financial years and beyond, this with the aim of becoming a good example of exceptional and responsible leadership. However, for Rustenburg Local Municipality to successfully fulfil its constitutional mandate of serving the community of Rustenburg, it is critical that we take into cognisance the value of moving in unison with our stakeholders. We are therefore strengthening partnerships with our communities, ensuring that communities and other development partners are mobilised to partner with us in service delivery and development. We see ourselves as a world class city where all communities enjoy the high quality of life.



CLLR MPHOU KHUNOU
EXECUTIVE MAYOR

B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S OVERVIEW



The annual report presents the activities for the Rustenburg Local Municipality and the Rustenburg Water Services Trust undertaken during the 2017/18 fiscal year. This presents an opportunity to reflect on the performance of the Municipality against the set targets detailed on the 2017/18 Service Delivery Budget Implementation Plan (SDBIP).

The Municipality continues to be guided by its vision, strategic objectives and priorities in line with the revised Integrated Development Plan (IDP) and as expressed by the communities during the public participation engagements.

The performance of the municipality against the SDBIP is largely influenced by availability of resources both financially and human capital to ensure sustained service delivery envisaged for the betterment of the community's living conditions and the creation of employment opportunities.

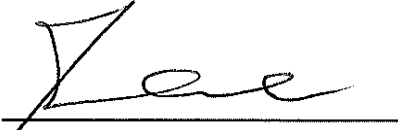
The 2017/18 fiscal year saw an improvement in strengthening the administrative leadership of the Municipality to improve mainly governance and accountability. A full complement of senior management reporting directly to the Municipal Manager including the Municipal Manager was achieved during the financial year.

Despite limited financial resources, the Municipality was able to make progress in numerous areas most notably being the reduction of service delivery backlogs in the provision of water and sanitation, electricity, waste management and roads construction and maintenance. While the Municipality is still awaiting the transfer of the human settlements function from the Provincial Government, there is progress in terms of housing provision where 2 projects in Marikana and Monnakato housing projects were completed, projects for Meriting, Tlhabane (Yizo yizo / Seraleng) and Dinie Estates are in progress, and the Municipality recorded 1750 serviced stands for the Bokamoso.

The integrated public transport project is progressing well with most of the infrastructure development completed for the 2 corridors on Tlhabane and Kanana. The project has created business and job opportunities for the local SMMEs and communities of Rustenburg.

The Municipality continues to strive for a diversified local economy that will provide for sustainable small enterprises and create more job opportunities. The Local Economic Development programme of the Municipality has put greater emphasis on implementation of the integrated masterplan for the realisation of the catalytic projects. The aggressive investment campaign the Municipality undertook resulted in number of investment proposals for the Development of the Monnakato Gateway Precinct, Fresh Produce Market, and other private sector led initiatives in the manufacturing and green economy space.

It is important to note that governance, improved service delivery, and investment drive continue to be key focus areas for the Municipality. The achievements and experiences of the 2017/18 fiscal year are good motivation for the Municipality to improve on the reported results in the following financial years.

A handwritten signature in black ink, appearing to read 'E. Komane', written over a horizontal line.

MR E. KOMANE
ACTING MUNICIPAL MANAGER

1.2 MUNICIPAL OVERVIEW

1.2.1 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

ABOUT RUSTENBURG LOCAL MUNICIPALITY

The Rustenburg Local Municipality is a category B municipal council consisting of 45 wards. It 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 the Pilanesberg to the north.

Rustenburg Local Municipality (RLM) is one of five municipalities within the Bojanala District Municipality in the North-West Province and is divided into 45 wards. The total population is 626 522 people, comprising of 54% males and 46% females. 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 50% of all formal employment.

1.2.2 MUNICIPAL STRATEGIC AGENDA

In line with the above national and provincial Vision directives, the Rustenburg Local Municipality Strategic Agenda which includes a Vision, Mission, Municipal Values, Strategic Priorities/ Thrusts and Municipal Goals are reflected in **Diagram 1** below and are graphically summarised on the next few pages:

Diagram 1: RLM Strategic Agenda



The above RLM Strategic Agenda should be implemented in pursuance of the following six Key Performance Areas for Local Government as contained in the Municipal Planning and Performance Management Regulations (2006) as promulgated by National Government:

KPA1: Municipal Transformation and Institutional Development

To have a representative and motivated municipal work force with high ethical standards empowered to render optimal services.

KPA2: Municipal Financial Viability and Management

To manage the Municipality's finances to ensure a financially viable Municipality able to meet all financial obligations.

KPA3: Spatial Rationale and Municipal Planning Alignment

To ensure that all development within the municipality is based on a coherent Spatial Rationale as defined in the Municipal Spatial Development Framework and that all sector plans are aligned to this rationale.

KPA4: Local Economic Development and Job Creation

To facilitate and implement local economic development initiatives and processes to promote sustainable economic growth for the municipal area.

KPA5: Basic Service Delivery

To render cost effective and sustainable services to the entire community with diligence and empathy.

KPA6: Good Governance and Public Participation

To ensure service delivery in accordance with “Batho-Pele” principles and legislative requirements and through extensive consultative processes with local stakeholders/ communities.

MUNICIPAL OVERVIEW AND SITUATIONAL ANALYSIS

1.2.3 PROVINCIAL AND REGIONAL CONTEXT

Rustenburg Local Municipality is one of 21 local municipalities in North West Province and forms part of the Bojanala District Municipality. It represents the core part of platinum mining in South Africa, and the N4 Platinum Development Corridor runs from east to west through the municipal area.

The RLM accommodates about 16% of the provincial population, and it is estimated that it will in future experience significant population growth (up to 32.9% of the provincial population growth). At present it also represents about 18% of the provincial housing backlog (± 60 000 units).

As illustrated on **Figure 1**, Rustenburg Town is classified as one of five primary nodes in the provincial SDF, but it also comprises a large number of Villages, Towns and Small Dorpies (second, third and fourth order nodes).

In the context of the Bojanala District (**Figure 2**) it is clear that the bulk of platinum mining activity is located in the RLM area. From here it extends northwards towards Moses Kotane LM (west of the Pilanesberg) and eastwards past Marikana towards Madibeng LM. The platinum mining belt runs parallel to the north of the Magalies Mountain which extends from the Pilanesberg right up to the City of Tshwane to the far east. Also evident is the concentration of informal settlements along the mining belt.

Another prominent feature is the large number of rural villages and small towns located in the northern extents of the District, and more specifically in Moses Kotane, northern parts of Rustenburg, Madibeng and the Moretele municipalities. Most of these areas are under traditional leadership.

The regional road and railway network traversing the district provides good accessibility to the majority of areas in the district and surrounding provinces (Limpopo and Gauteng). Most notable in this regard is the N4 Development Corridor.

1.2.4 LOCAL SPATIAL FEATURES

1.2.4.1 STRUCTURING ELEMENTS

From **Figure 3** it is evident that four major elements have shaped the historical development of the settlement patterns in the RLM area:

- **Rustenburg town** represents the centre of population concentration, employment opportunities and shopping opportunities. This attracted urban development towards the town.
- The **Magalies Mountain Range** traverses the municipal area south of Rustenburg Town and inhibited urban expansion in a south westerly direction. Hence, urban expansion was forced in a northern and north-easterly direction.
- The **Provincial Roads** that cross the Rustenburg Municipal Area have had a profound impact on the shape of urban development within the municipal area. Two provincial roads traversing the municipal area can be distinguished as having the largest impact on urban development in the region. These roads are the Rustenburg/Sun City road (R565) that links Rasimone, Luka and Phokeng to Rustenburg; and the Rustenburg/Thabazimbi road (R510) that links Tlaseng, Kanana and Boitekong to Rustenburg.
- The **Platinum Mines**, running parallel to the north of the Magaliesberg mountain range, have dramatically shaped the settlement pattern in the municipal area. On the one hand, it fragmented urban development by creating physical barriers such as transport facilities, pipelines, infrastructure and surface mining infrastructure between Rustenburg and the settlements located north of the mining belt, (e.g. Boitekong). On the other hand, it also led to the development of isolated towns such as Luka, Kanana, Thekwane and Photsaneng in close proximity to mining activities (job opportunities).

1.2.4.2 SETTLEMENT PATTERNS

Four broad types of settlements can be distinguished in the RLM:

- **Formal Urban Settlements** have a formal (proclaimed) layout, are serviced with a full range of municipal services and the households can obtain security of tenure. These include areas such as Rustenburg, Tlhabane, Boitekong, Phatsima, Hartbeesfontein, Kroondal and Marikana.
- **Tribal Settlements** are mainly located on Bafokeng tribal land and the households living in these settlements are considered Bafokeng citizens. Although these households do not own title deeds, they have security of tenure (permission to occupy) through their association with the tribe and are characterised by varying levels of service. Settlements that fall within this category include areas such as Phokeng, Kanana, Luka, Chaneng, Tlaseng, Rankelenyane, Thekwane and Photsaneng.

- **Rural Settlements** are settlements that are similar in nature to the tribal settlements with regard to the residential densities and functions, but they are not located on Bafokeng tribal land.
- **Informal Settlements** have mainly developed along the mining belt and close to mine shafts. These include areas such as Wonderkoppies, Nkaneng, Zakhele, Popo Molefe and Freedom Park. The 24 informal settlements in the RLM area are characterised by a lack of security of tenure and a lack of basic municipal services. Collectively these areas represent at least 24 000 households. (The total number of households residing in informal structures (including backyard units and informal units in traditional authority areas) in the RLM municipal area is about 68 800 units.

1.2.4.3 OPEN SPACE AND PROTECTED AREAS

The natural landscape of Rustenburg is primarily defined by its mountain ranges and water sources which comprises the prominent topographic features in the municipal area (refer to Figure 3). Certain areas within the Rustenburg Municipal Area are protected by environmental legislation including:

- ***Kgaswane Game Reserve***

Located south-west of Rustenburg, this 4000-hectare reserve is located against the northern slopes of the Magaliesberg. A unique feature of this reserve is an extensive valley basin which lies between the ridges of the Magaliesberg. To the west of this basin lies a large plateau. The plateau and the basin form a catchment area that drains into ravines, most of which have water for at least part of the year. The Magaliesberg ridges are characterised by giant quartzite boulders and rocky mountain slopes.

- ***Vaalkop Dam Nature Reserve***

The Vaalkop Dam Nature Reserve lies near Beestekraal, north-east of Rustenburg. An 800ha section of the reserve has been set aside as a bird sanctuary, which is not open to the general public. The reserve hosts over 340 species of birds. In addition, the reserve is stocked with a variety of bushveld game species and the dam is stocked with many fish species. A section of the dam has been set aside for water sports.

- ***Magaliesburg Protected Environment***

Although not a formal proclaimed nature reserve it is protected in terms of a previous Administrators notice, as well as the recently completed Environmental Management Framework for the Magaliesberg Protected Environment.

The recently listed **Magaliesberg Biosphere** stretches from Rustenburg Local Municipality in North West Province up to the City of Tshwane in Gauteng Province. It comprises three functional areas:

- a) a legally constituted core area devoted to long term protection, according to the conservation objectives of the Biosphere Reserve, and of sufficient size to meet these objectives;

- b) A buffer zone or zones clearly identified and surrounding or contiguous to the core areas, where only activities compatible with the conservation objectives can take place;
- c) An outer transition area where sustainable resource management practices are promoted and developed.

The Magaliesberg Biosphere reserve has three core areas viz: Kgaswane Mountain Reserve (North West Province); Cradle of Humankind World Heritage Site (Gauteng Province) and the Magaliesberg Protected Environment, which straddles both Gauteng and North West Provinces.

The Rustenburg Environmental Management Framework defined four Environmental Management Zones in the RLM area:

- **The Conservation Management Zone**

The conservation management zone comprises conservation areas such as open spaces, proclaimed and non-proclaimed protected areas (i.e. heritage sites and tourism areas). These areas are characterised by their biodiversity, ecological, cultural and recreational importance. Conservation areas in this context refer to areas of high biodiversity and ecological status, which are not necessarily in proclaimed areas.

- **Aquatic Systems Management Zone**

This zone represents all aquatic systems in RLM and they include rivers of watercourse, streams, dams and wetlands. These systems are under severe pressure of pollution and degradation due to unmonitored activities that occur near them, hence these areas need specific strategic management interventions.

- **Agricultural Management Zone**

RLM is mainly characterised by commercial farming that ranges from citrus to vegetable farming. Furthermore, some rural parts of RLM also practice subsistence farming of maize, sunflower and vegetables. Historically, agriculture used to be the main RLM GDP contributor. However, due to trade-offs to other activities such as mining and development, agriculture has turned into a less preferred source of income resulting in loss of high potential agricultural land. The agricultural management zone also includes agricultural holding land that must be saved for current/ future agricultural activities.

- **Built up Management Zone**

Built up areas refer to areas with existing urban activities/ land use development.

1.2.4.4 AGRICULTURE

The majority of agricultural activities take the form of commercial dry-land farming which is mainly concentrated in the extreme southern parts of the municipality. There are also notable areas of

commercial agriculture in the central parts immediately north and south of the N4 between Kroondal and the eastern boundary of the municipality, as well as in the north-western parts along the foothills of the Magaliesberg mountain range in the vicinity of Boschoek. Agricultural activities in the central and north eastern parts of the municipality are very limited.

The occurrence of irrigated agriculture is mainly based in the extreme south eastern parts of the municipality as well as in the areas south and south west of Kroondal. The occurrence of cultivated small holdings is extensive in the central parts of the municipality, especially around the Kroondal node. From a climatic perspective, the municipal area is marginal for dry land cultivation with the mean annual rainfall in the central and southern parts being between 600mm and 800mm and between 400mm and 600mm in the northern parts. In addition, high evaporation rates, especially in summer, mean that any drought period in the growing season can easily lead to moisture stress for crops.

The main source of income derived from agricultural products in the Rustenburg area is from animals (46.6%), field crops (25.1%) and animal products (23.9%). The income from animal products in the Rustenburg area is the most prominent of all municipalities in North-West Province accounting for 22.2% of total income derived from this source within the province. In the case of animals, horticulture and field crops, the extent of production in the Rustenburg area represents 12.1%, 5.0%, and 4.8% of the provincial total respectively.

1.2.4.5 MINING

The economic, social and physical characteristics of Rustenburg have been largely determined by the presence of mining activities within the Municipal Area. Mining activities are mainly concentrated along a geological belt, known as the Bushveld Complex. This part of the Bushveld Complex is one of the most heavily mineralised districts in the world and the platinum mines in this region are the largest producers of platinum in the world. The Merensky Reef and the UG2 chromite layers are renowned for their Platinum Group Metal (PGM) content and together they form the world's largest depository of PGMs.

Apart from chrome and platinum, other minerals mined in the region are tin, lead, marble, granite and slate. Underground mining predominates, although open cast mining also exists. The Platinum-Group Metals (PGM) constitute a family of six chemically similar elements. Their excellent catalytic qualities, resistance to corrosion, chemical inertness and high melting points render them most suitable for a number of specialist applications.

Rustenburg Platinum Mines (RPM), which belongs to the Anglo-American Platinum Corporation Limited (Anglo Platinum), is the largest single producer, and operates three geographically separate sections: Rustenburg, Union and Amandelbult Sections, all on the western limb. The other mines on the western limb are Impala Platinum Holdings Limited's Impala Platinum and Crocodile River (through Barplats

Investments Limited) mines; Lonmin Platinum's Eastern Platinum, Western Platinum and Karee mines; Northam Platinum Limited's Northam Mine, and Aquarius Platinum's Kroondal and Marikana mines.

1.2.4.6 TOURISM

The main local tourism attractions the region has to offer, are closely linked to the comparative advantages the area has to offer with regard to its natural assets, the occurrence of many heritage sites relating to iron/stone age, Anglo-boer history and indigenous tribes such as the Tswana and Ndebele, and the variety of minerals and mining activities found in the area.

Most of the tourism and accommodation establishments are located in the immediate Rustenburg area (71%) with the remainder being in the Buffelspoort/ Mooinooi/ Maanhaarand area (16%), at Vaalkop dam (5%), at Boshhoek (4%) or near Magaliesburg (4%).

Tourism plays an increasingly important role within the Rustenburg Municipal Area. The typical Bushveld climate and vegetation of the Municipal Area, as well as the unique topography of the Magaliesberg, offer several opportunities for tourism. These include opportunities for eco-tourism, as well as tourism associated with the variety of historical and cultural interests found within the municipal area. Primary tourism areas and facilities located within the municipal area are as follows:

- Rustenburg Town;
- Kgaswane Game Reserve;
- Vaalkop Dam Nature Reserve;
- Kroondal;
- Bafokeng Sport Palace; and
- Buffelspoort Dam.

Despite the above-mentioned tourist attractions, the most prominent regional tourist destinations are not located within the RLM area itself, but on its borders. The broader region has some of the finest game parks, cultural and archaeological sites and entertainment resorts in South Africa, including:

- Pilanesberg National Park;
- Madikwe Game Reserve;
- Sun City and Lost City Resort; and
- Cradle of Humankind.

1.3 SOCIO-ECONOMIC PROFILE¹

The following section highlights the most salient socio-economic features relevant of the Rustenburg Local Municipality.

¹ Primary Source: *Statistical Overview: Rustenburg Local Municipality (IHS Markit Regional eXplorer)*

1.4 DEMOGRAPHICS

The Rustenburg Local Municipality total population amounts to **631 000 people** (2016), which represents **37.8%** of the Bojanala District's total population, and in turn 1.2% of the total population of South Africa. The average population growth rate of the LM between 2006 and 2016 is calculated at 3.15%, which is approximately double the growth rate of South Africa (1.5%) as a whole for the same time period (refer **Diagram 2**).

Population Projections

Based on the present age-gender structure and the current fertility, mortality and migration rates, the Rustenburg population is projected to grow at an average annual rate of **1.8%** from 631 000 in 2016 to **690 000 in 2021**.

Gender, Population and Age Profile

Rustenburg Local Municipality's male/female split in population was 118.4 males per 100 females in 2016. The Rustenburg Local Municipality has significantly more males (54.21%) relative to South Africa (48.93%). This is mainly because of physical labour-intensive industries such as mining located within the Rustenburg LM area. In total there were 289 000 (45.79%) females and 342 000 (54.21%) males within the LM by 2016

Table 1: Gender Profile - Bojanala Platinum

	Male	Female	Total
Rustenburg	342,000	289,000	631,000
Moretele	94,100	99,500	194,000
Madibeng	287,000	254,000	541,000
Kgetlengrivier	30,600	27,700	58,300
Moses Kotane	123,000	124,000	247,000
Bojanala Platinum	877,000	794,000	1,670,000

Source: IHS Markit Regional eXplorer version 1160

In 2016, the Rustenburg Local Municipality's population consisted of 89.73% African (566 000), 8.51% White (53 700), 0.89% Coloured (5 630) and 0.87% Asian (5 480) people.

The population age composition is summarised as follow:

- The **largest share** of population is within the **young working age (25-44 years)** category with a total number of 258 000 or 40.8% of the total population.
- The second largest number of people is the babies and kids (0-14 years) age category with a total share of 24.3%.
- The older working age (45-64 years) age category comprise about 101 000 people.

When comparing the population pyramid of the Rustenburg Local Municipality with the national age structure, the most significant differences are:

There is a significantly **larger share of young working age people** - aged 20 to 34 (33.7%) - in Rustenburg, compared to the national picture (28.6%).

The **area appears to be a migrant receiving area**, with many people migrating into Rustenburg, either from abroad, or from the more rural areas in the country looking for better opportunities.

HIV and AIDS

HIV and AIDS can have a substantial impact on the growth of a particular population. The lifespan of people that are HIV+ could be prolonged with modern ARV treatments. In the absence of any treatment, people diagnosed with HIV can live for 10 years and longer before they reach the final AIDS stage of the disease.

In 2016, **90 700 people in the Rustenburg Local Municipality were infected with HIV**. This reflects an **increase** at an average annual rate of **2.52% since 2006** (Very High). In 2016 it represented 14.37% of the RLM total population. Bojanala Platinum District Municipality had an average annual growth rate of 1.93% from 2006 to 2016 in the number of people infected with HIV, which is lower than that of the Rustenburg Local Municipality. When looking at South Africa as a whole it can be seen that the number of people that are infected increased from 2006 to 2016 at an average annual growth rate of 1.67%.

	HIV Rate 2016
Rustenburg	2.52%
Bojanala	1.93%
North West	1.18
South Africa	1.67%

Presenting the number of HIV+ people against the number of people living with AIDS, the people with AIDS added up to 3810 in 2006 and 2210 for 2016. This number denotes decrease from 2006 to 2016 with a high average annual rate of -5.30% (or -1600 people). For the year 2016, they represented 0.35% of the total population of the entire local municipality.

1.5 ECONOMY

The Rustenburg Local Municipality economy is intertwined and mutely dependant on the Bojanala District, North-West Province, South African and the world economy. Accordingly, the economic state of Rustenburg Local Municipality is put in perspective by comparing it with its neighbouring local municipalities, Bojanala Platinum District Municipality, North-West Province and South Africa (refer to **Diagram 3**).

Gross Domestic Product by Region (GDP-R)

The Rustenburg Local Municipality had a **total GDP of R 55.7 billion (2016)** and **contributed 40.41%** towards the Bojanala Platinum District Municipality GDP total of **R 138 billion**. Subsequently, it ranks **highest** compared to all the other municipal economies of the Bojanala Platinum District Municipality.

The Rustenburg Local Municipality contributes 21.10% to the GDP of North-West Province and 1.28% the GDP of South Africa. Its contribution to the national economy stayed consistent from 2006 when it contributed 1.33% to South Africa, but it is lower than the peak of 1.38% in 2011.

Table 2: Gross Domestic Product (GDP) - Rustenburg, Bojanala Platinum, North-West and National Total, 2006-2016 [R billions, Current prices]

	Rustenburg	Bojanala Platinum	North-West	National Total	Rustenburg as % of district municipality	Rustenburg as % of province	Rustenburg as % of national
2006	24.5	51.9	105.0	1,839.4	47.1%	23.3%	1.33%
2007	28.0	60.8	120.7	2,109.5	46.0%	23.2%	1.33%
2008	31.9	72.0	138.9	2,369.1	44.3%	23.0%	1.35%
2009	33.9	77.5	147.9	2,507.7	43.7%	22.9%	1.35%
2010	37.7	87.6	164.5	2,748.0	43.0%	22.9%	1.37%
2011	41.8	98.4	185.8	3,023.7	42.5%	22.5%	1.38%
2012	39.1	97.5	191.0	3,253.9	40.1%	20.5%	1.20%
2013	48.8	117.7	222.1	3,539.8	41.5%	22.0%	1.38%
2014	48.8	119.5	227.2	3,807.7	40.9%	21.5%	1.28%
2015	51.5	127.4	243.2	4,049.8	40.4%	21.2%	1.27%
2016	55.7	137.8	263.8	4,338.9	40.4%	21.1%	1.28%

Source: IHS Markit Regional eXplorer version 1160

In 2016, the Rustenburg Local Municipality registered a negative annual growth rate of **-4.68%** which is significantly lower than to the 2015 economic growth rate which peaked at 14.56%.

Economic Growth Forecast (2016 to 2021)

It is expected that Rustenburg Local Municipality will grow at an **average annual rate of 3.04% from 2016 to 2021**. The average annual growth rate for the Bojanala Platinum District Municipality and North-West Province for this period is expected to be 2.62% and 2.10% respectively. For South Africa it is forecasted to grow at an average annual growth rate of 1.61%, which is lower than that of the Rustenburg Local Municipality.

Gross Value Added by Region (GVA-R)

The Rustenburg Local Municipality's economy is made up of various industries. The GVA-R variable provides a sector breakdown, where each sector is measured in terms of its *value added* produced in the local economy.

Table 3: Gross Value Added (GVA) by broad economic sector - Rustenburg Local Municipality, 2016 [R billions, current prices]

	Rustenburg	Bojanala Platinum	North-West	National Total	Rustenburg as % of district municipality	Rustenburg as % of province	Rustenburg as % of national
Agriculture	0.3	1.3	6.2	94.4	20.1%	4.3%	0.28%
Mining	39.0	63.9	77.9	306.2	61.0%	50.1%	12.74%
Manufacturing	1.2	7.1	12.6	517.4	16.8%	9.4%	0.23%
Electricity	0.5	3.1	8.0	144.1	16.2%	6.3%	0.35%
Construction	0.5	2.5	6.3	154.3	21.9%	8.5%	0.35%
Trade	2.8	11.9	28.0	589.7	23.6%	10.0%	0.48%
Transport	1.4	6.1	15.2	389.2	22.1%	8.9%	0.35%
Finance	3.3	12.9	30.6	781.7	25.7%	10.9%	0.43%
Community services	3.3	15.8	48.8	894.1	20.7%	6.7%	0.37%
Total Industries	52.3	124.6	233.7	3,871.2	41.9%	22.4%	1.35%

Source: IHS Markit Regional eXplorer version 1160

The 2016 sector contribution within Rustenburg Local Municipality was as follow:

- The mining sector was the largest accounting for R 39 billion or 74.6% of the total GVA of the LM
- The second largest sector was the finance sector at 6.4%, followed by the community services sector with 6.3%.
- The sector that contributes the least was the agriculture sector with a contribution of R 266 million or 0.51% of the total GVA.

Economic Growth per Sector: Historic and Forecast

For the *historic period 2006 and 2016*, the GVA in the construction sector had the highest average annual growth rate in Rustenburg at 2.04%. The industry with the second highest average annual growth rate was community services averaging at 2.01% per year. The agriculture sector had an average annual growth rate of -1.59%, while the electricity sector had the lowest average annual growth of -1.77%. Overall a negative growth was registered for all the industries in 2016 with an annual growth rate of -4.55% from 2015 to 2016.

Table 4: Gross value added (GVA) by broad economic sector - Rustenburg Local Municipality, Historic 2006-2016 and Forecast 2016-2021 [R billions, constant 2010 prices]

Average Annual growth	Historic: 2006-2016	Forecast: 2016-2021
Agriculture	-1.59%	3.63%
Mining	-0.61%	3.34%
Manufacturing	-1.20%	1.80%
Electricity	-1.77%	2.95%
Construction	2.04%	2.65%
Trade	0.50%	2.39%
Transport	0.53%	2.62%
Finance	1.96%	2.79%
Community services	2.01%	1.51%
Total Industries	-0.21%	3.07%

Source: IHS Markit Regional eXplorer version 1160

The GVA **forecasts (2016-2021)** are based on forecasted growth rates derived from two sources: historical growth rate estimates and national level industry forecasts. The agriculture sector is expected to grow fastest at an average of 3.63% annually from R 137 million in 2016 to R 164 million in 2021. **The mining sector is estimated to be the largest sector within the Rustenburg Local Municipality in 2021**, with a total share of 75.1% of the total GVA (as measured in current prices), growing at an average annual rate of 3.3%. The sector that is estimated to grow the slowest is the community services sector with an average annual growth rate of 1.51%.

1.6 LABOUR

The labour force of a country consists of everyone of working age. This is also called the Economically Active Population (EAP). People not included are students, retired people, stay-at-home parents, people in prisons or similar institutions, people employed in jobs or professions with unreported income, as well as discouraged workers who cannot find work (refer **Diagram 3 and 4**).

Economically Active Population (EAP)

Rustenburg Local Municipality's **EAP was 283 000** in 2016, which is **44.8%** of its total population of 631 000, and roughly 43.09% of the total EAP of the Bojanala Platinum District Municipality. From 2006 to 2016, the average annual increase in the EAP in the Rustenburg Local Municipality was 2.22%, which is 0.288 percentage points higher than the growth in the EAP of Bojanala Platinum's for the same period.

Total Employment

Total employment consists of two parts: employment in the formal sector, and employment in the informal sector. By utilising employment data, an estimation of unemployment can be made. In addition, trends in employment within different sectors and industries normally indicate significant structural changes in the economy.

In 2016, Rustenburg employed **217 000 people which represent 49.81% of the total employment in Bojanala Platinum District Municipality (436 000)**, 25.98% of total employment in North-West Province (836 000), and 1.38% of the total employment of 15.7 million in South Africa. Employment within Rustenburg **increased annually at an average rate of 1.34% from 2006 to 2016**.

The economic sectors that recorded the largest number of employment opportunities in 2016 were:

- The mining sector with a total of **75 400 employed people** or **34.7%** of total employment in the local municipality.
- The trade sector with a total of 34 000 (15.6%) employs the second highest number of people relative to the rest of the sectors.
- The electricity sector with 494 (0.2%) is the sector that employs the least number of people in Rustenburg Local Municipality, followed by the agriculture sector with 4 970 (2.3%) people employed.

Formal and Informal Employment

Total employment can be broken down into formal and informal sector employment as summarised below:

Formal sector	<ul style="list-style-type: none"> • The number of formally employed people in Rustenburg Local Municipality totalled 191 000 in 2016, which is about 88.09% of total employment • Highest number of EAP employed in the formal sector – Community Services (28 000) refer table below
Informal sector	<ul style="list-style-type: none"> • The number of people employed in the informal sector totalled 25 900 or 11.91% of the total employment of the LM. • Informal employment in Rustenburg increased from 21 800 in 2006 to an estimated 25 900 in 2016. • Highest number of EAP employed in the informal sector– Trade (10 500) refer table below

Table 5: Formal and informal employment by broad economic sector - Rustenburg Local Municipality, 2016 [numbers]

	Formal Employment	Informal Employment
Agriculture	4,970	N/A
Mining	75,400	N/A
Manufacturing	13,100	1,740
Electricity	494	N/A
Construction	9,660	4,260
Trade	23,500	10,500
Transport	3,230	2,450
Finance	15,000	1,700
Community services	28,000	5,240
Households	18,000	N/A

Source: IHS Markit Regional eXplorer version 1160

Unemployment

The unemployed includes all persons between 15 and 65 who are currently not working, but who are actively looking for work. It therefore excludes people who are not actively seeking work (referred to as discouraged work seekers).

In 2016, there were a total number of **67 100 people unemployed** in Rustenburg, which is an increase of 22 800 from 44 300 in 2006. The total number of unemployed people within Rustenburg constitutes 38.81% of the total number of unemployed people in Bojanala Platinum District Municipality. The Rustenburg Local Municipality experienced an average annual increase of 4.24% in the number of unemployed people, which is worse than that of the Bojanala Platinum District Municipality which had an average annual increase in unemployment of 2.62%.

In 2016, the **unemployment rate** in Rustenburg Local Municipality (based on the official definition of unemployment) was **23.74%**, which is an increase of 4.23 percentage points.

1.7 INCOME AND EXPENDITURE

In a growing economy among which production factors are increasing, most of the household incomes are spent on purchasing goods and services. Therefore, the measuring of the income and expenditure of households is a major indicator of a number of economic trends (refer **Diagram 4**).

Household Income

It was estimated that in 2016, **25.1%** of all the households in the Rustenburg Local Municipality, were living on **R42, 000 or less per annum**.

Table 6: Households by income category - Rustenburg, Bojanala Platinum, North-West and National Total, 2016 [Number Percentage]

	Rustenburg	Bojanala Platinum	North-West	National Total	Rustenburg as % of district municipality	Rustenburg as % of province	Rustenburg as % of national
0-2400	25	65	134	1,930	38.7%	18.9%	1.31%
2400-6000	442	1,140	2,400	34,800	38.7%	18.4%	1.27%
6000-12000	4,520	11,800	24,300	330,000	38.5%	18.6%	1.37%
12000-18000	8,990	23,600	49,200	660,000	38.0%	18.3%	1.36%
18000-30000	21,700	59,300	131,000	1,780,000	36.5%	16.6%	1.22%
30000-42000	20,400	58,800	132,000	1,770,000	34.7%	15.4%	1.15%
42000-54000	17,500	50,500	114,000	1,530,000	34.7%	15.4%	1.15%
54000-72000	19,900	55,700	123,000	1,610,000	35.7%	16.2%	1.23%
72000-96000	21,800	56,200	115,000	1,480,000	38.9%	19.0%	1.47%
96000-132000	23,600	55,600	109,000	1,370,000	42.4%	21.7%	1.73%
132000-192000	24,200	53,300	100,000	1,320,000	45.4%	24.1%	1.83%
192000-360000	30,100	62,600	122,000	1,710,000	48.0%	24.7%	1.75%
360000-600000	17,100	34,200	65,400	1,110,000	50.0%	26.2%	1.54%
600000-1200000	10,600	21,300	41,200	797,000	49.9%	25.8%	1.33%
1200000-2400000	2,510	5,090	9,950	229,000	49.4%	25.3%	1.10%
2400000+	327	647	1,250	36,600	50.5%	26.2%	0.89%
Total	224,000	550,000	1,140,000	15,800,000	40.7%	19.6%	1.42%

Source: IHS Markit Regional eXplorer version 1160

For the period 2006 to 2016 the number of households earning more than R30, 000 per annum has increased from 64.36% to 84.06%. It can be seen that the number of households with income equal to or lower than R6, 000 per year has decreased by a significant amount.

Poverty

In 2016, there were **241 000 people living in poverty**, using the upper poverty line definition, across Rustenburg Local Municipality - this is 20.89% higher than the 200 000 in 2006. The percentage of people living in poverty has decreased from 43.07% in 2006 to 38.20% in 2016, which indicates a decrease of 4.87 percentage points.

The **Upper Poverty Line** is defined by StatsSA as the level of consumption at which individuals are able to purchase both sufficient food and non-food items without sacrificing one for the other. This variable measures the number of individuals living below that particular level of consumption for the given area, and is balanced directly to the official upper poverty rate as measured by StatsSA.

1.8 HOUSEHOLD INFRASTRUCTURE

Below is a summary of the Rustenburg LM household infrastructure profile (refer **Diagram 5**).

Household Type	Current Situation 2016	Backlog
Households by Dwelling Type	Rustenburg Local Municipality had a total number of 65 200 (29.16% of total households) very formal dwelling units, about 86 900 (38.84% of total households) formal dwelling units and around 68 800 (30.74% of total households) informal dwelling units.	When looking at the formal dwelling unit backlog (number of households not living in a formal dwelling) over time, it can be seen that in 2006 the number of households not living in a formal dwelling were 47 600 within Rustenburg Local Municipality. From 2006 this number increased annually at 4.16% to 71 600 in 2016.
Households by Sanitation Type	Rustenburg Local Municipality had a total number of 133 000 flush toilets (59.47% of total households), 27 800 Ventilation Improved Pit (VIP) (12.45% of total households) and 53 600 (23.97%) of total households pit toilets.	When looking at the sanitation backlog (number of households without hygienic toilets) over time, it can be seen that in 2006 the number of Households without any hygienic toilets in Rustenburg Local Municipality was 60 700, this increased annually at a rate of 0.35% to 62 800 in 2016
Households by Access to Water	Rustenburg Local Municipality had a total number of 70 800 (or 31.63%) households with piped water inside the dwelling, a total of 112 000 (49.94%) households had piped water inside the yard and a total number of 20 000 (8.92%) households had no formal piped water.	When looking at the water backlog (number of households below RDP-level) over time, it can be seen that in 2006 the number of households below the RDP-level were 28 000 within Rustenburg Local Municipality, this increased annually at 0.68% per annum to 30 000 in 2016.
Households by type of Electricity	Rustenburg Local Municipality had a total number of 4 150 (1.85%) households with electricity for lighting only, a total of 185 000 (82.55%) households had electricity for lighting and other purposes and a total number of 34 900 (15.60%) households did not use electricity.	When looking at the number of households with no electrical connection over time, it can be seen that in 2006 the households without an electrical connection in Rustenburg Local Municipality was 28 700, this increased annually at 1.97% per annum to 34 900 in 2016.
Households by Refuse Disposal	Rustenburg Local Municipality had a total number of 161 000 (71.85%) households which had their refuse removed weekly by the authority, a total of 7 410 (3.31%) households had their refuse removed less often than weekly by the authority and a total number of 38 000 (16.97%) households which had to remove their refuse personally (own dump).	When looking at the number of households with no formal refuse removal, it can be seen that in 2006 the households with no formal refuse removal in Rustenburg Local Municipality was 73 100, this decreased annually at -2.71% per annum to 55 600 in 2016.

Tourism: 2016

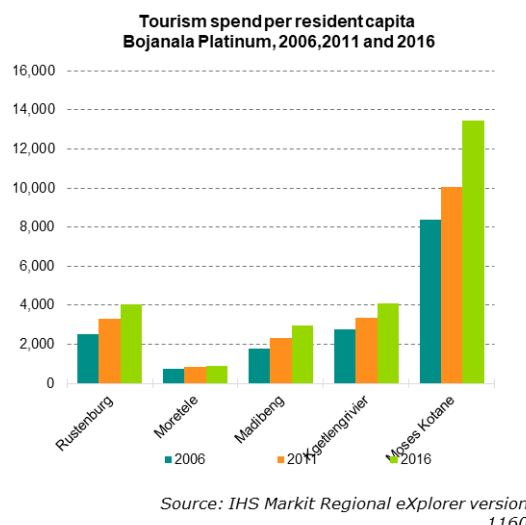
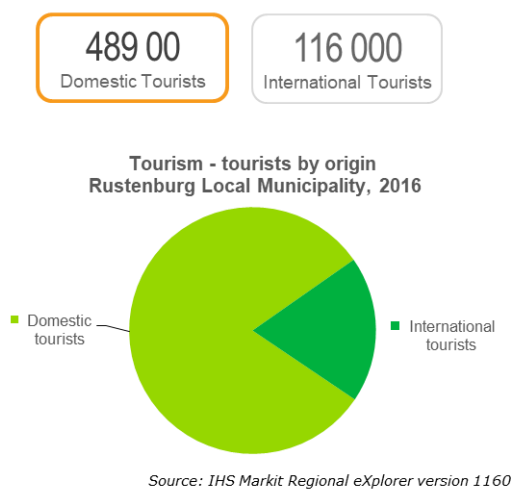


Diagram 6

1.9 TOURISM

The total number of tourists visiting the Rustenburg Local Municipality in 2016 amounted to 604 000 domestic and international tourists. The number of trips by tourists visiting Rustenburg Local Municipality from other regions in South Africa has increased at an average annual rate of 3.68% from 2006 (340 000) to 2016 (489 000). The *tourists visiting from other countries* increased at a relatively high average annual growth rate of 5.62% (from 67 000 in 2006 to 116 000). International tourists constitute **19.16%** of the total number of trips, with domestic tourism representing the balance of 80.84% (refer **Diagram 6**).

Tourism Spending

Rustenburg Local Municipality had a total tourism spending of **R 2.56 billion in 2016** with an average **annual growth rate of 8.3% since 2006 (R 1.16 billion)**. Bojanala Platinum District Municipality had a total tourism spending of R 7.91 billion in 2016 and an average annual growth rate of 6.8% over the period. Total spending in North-West Province increased from R 7.46 billion in 2006 to R 12.2 billion in 2016 at an average annual rate of 5.1%. South Africa as whole had an average annual rate of 7.7% which increased from R 127 billion in 2006 to R 267 billion in 2016.

In 2016, Rustenburg Local Municipality had a tourism **spend per capita of R 4,060** and an average annual growth rate of 4.99%. It ranked third amongst all the regions within Bojanala Platinum in terms of tourism spend per capita.

1.10 SERVICE DELIVERY OVERVIEW

The municipality is providing basic services to all residents within its area of jurisdiction as expected despite the challenge of having to cater for the unplanned population explosion. According to Community Survey (Statssa, 2016), the residents of Rustenburg have reported to having access to the following basic services:

Table 1.12 Basic Services provided to households in the Rustenburg Local Municipality

No	Type of Service Provided	Percentage %
1	Solid Waste	90%
2	Access to electricity	90%
3	Access to sanitation (VIP/ Sewer System)	93.9%
4	Access to water (Water tanking, Communal Standpipe, House connections)	95%
5	Roads (Surfaced/ Gravel Roads)	60%

1.11 FINANCIAL HEALTH OVERVIEW

Rustenburg Local Municipality has been under financial constraints because of the global economic outlook which has been weaker than anticipated. Domestic inflation is lower, largely as a result of declining oil prices. However, the depreciation of the Rand and the current drought gripping many parts of the country, however, pose some risk to the inflation outlook. Mining sector contributes more than 50% of the local economy. Mining sector is the largest employer within Rustenburg. Most mines around Rustenburg resorted on retrenching employees because of the current economic situation and this resulted in our debtor's book to grow. Furthermore, the electricity and water supply shortages pose the largest domestic risk to growth. Eskom implemented load shedding and our municipality was also affected.

Persistent high unemployment remains one of South Africa's most pressing challenges and most of the people are coming to Rustenburg to seek employment in mines. These economic challenges will continue to pressurize municipal revenue generation and Collection.

1.12 ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

The organisational performance can be measured against the performance of the Section 55/56 Managers which includes the performance of the Municipal Manager and that of the Directors.

1.13 AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: 2017/18

As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), the responsibility of the Auditor General is to express an opinion on the municipality's financial statements based on conducting an audit in accordance with International Standards on Auditing.

The Auditor General expressed a qualified audit opinion on the financial affairs of the municipality in the previous financial year (2017/2018).

1.14 STATUTORY ANNUAL REPORT PROCESS

According to 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.

Section 121 (1) of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) stipulates that: "Every municipality and municipal entity must for each financial year prepare an annual report in accordance with its guidelines."

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:

- (a) Provide a record of the activities of the Rustenburg Local Municipality and Rustenburg Water Services Trust during the financial year 2017/2018;
- (b) Provide a report on performance against the budget of the Rustenburg Local Municipality and its entity for the financial year 2017/2018; and
- (c) Promote accountability to the local community for the decisions made during the financial year ended June 2018 by the municipality and the Rustenburg Water Services Trust.

According to the MFMA, this Report should include:

- (a) The annual financial statements of the Municipality, and consolidated annual financial statements, submitted to the Auditor-General for audit in terms of section 126 (1) of the MFMA
- (b) The Auditor-General's audit report in terms of section 126 (3) of the MFMA and in accordance with s45 (b) of the MSA; on the financial statements in (a) above;
- (c) The annual performance report of the Municipality as prepared by the Rustenburg Local Municipality in terms of section 45 (b) of the Local Government: Municipal Systems Act 32 of 2000 (MSA);
- (d) An assessment of the arrears on municipal taxes and service charges;

- (e) An assessment of the Municipality's performance against the measurable performance objectives referred to in Section 17 (3) (b) of the MFMA for revenue collection from each revenue source and for each vote in the Municipality's approved budget for the financial year 2017/2018;
- (f) Corrective action taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d); and
- (g) Recommendations of the Municipality's Audit Committee.

CHAPTER TWO: 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

INTRODUCTION TO POLITICAL GOVERNANCE

The council of Rustenburg Local Municipality is constituted by 89 Councillors, with 45 wards and 44 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.

Table 2.1 The party-political representation of Councillors

Political Party	Number Councillors	Gender Distribution	
		Male	Female
African Independent Congress	1	-	1
African National Congress	43	32	11
Botho Community Movement	1	1	-
Democratic Alliance	14	8	6
Economic Freedom Fighters	24	9	15
Forum 4 Service Delivery	4	4	-
Freedom Front+	1	1	-
United Democratic Movement	1	-	1
TOTAL	89	54	35

The Council elected the Speaker, Cllr S S K Mabale-Huma in terms of section 36 of the Municipal Structures Act, 1998 (Act No. 117 of 1998), per item 221 of 19 August 2016, 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 223 of 19 August 2016. Cllr. Amos Mataboge was elected as the Single Whip of the Council per item 331(4) on 26 August 2015.

EXECUTIVE MAYOR; SPEAKER & SINGLE WHIP



The Rustenburg Local Municipality established a Mayoral Committee and Portfolio Committees in terms of Section 80 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998) to assist the Executive Mayor in executing his functions. The Executive Mayor is the chairperson of the Mayoral Committee while members of his Mayoral Committee chair Portfolio Committees.

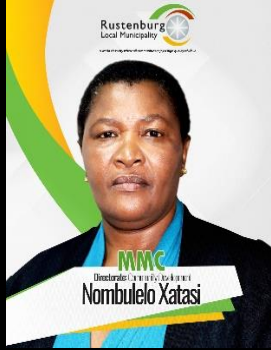
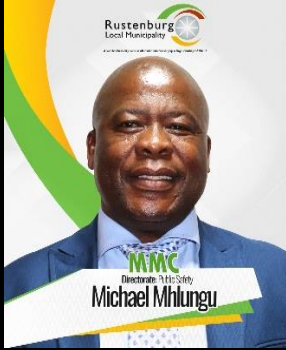

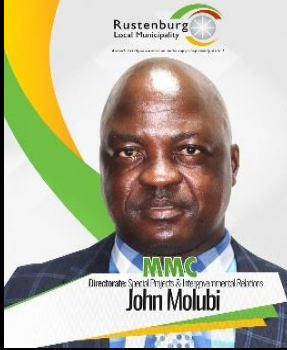

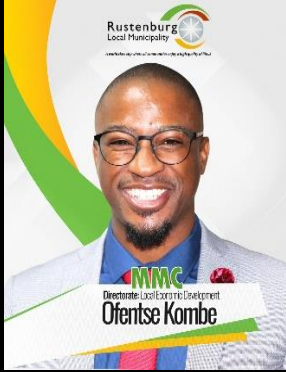
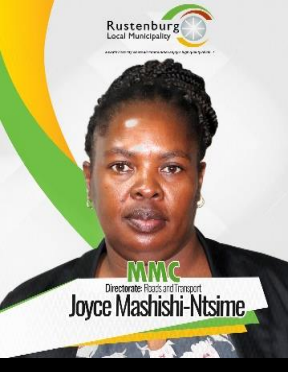

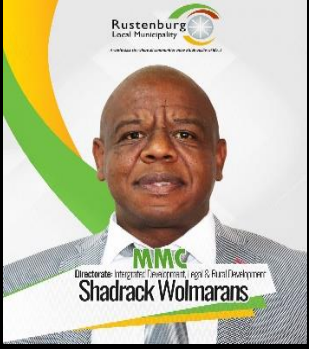
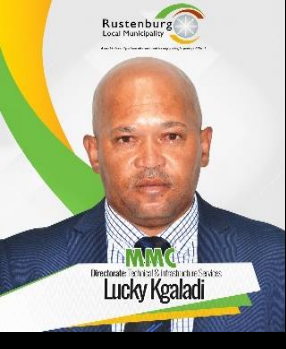
From the 1st July 2016, the Mayoral committee consisted of the following members:

Table 2.2 Mayoral Committee Members

NO.	Portfolio	Member of the Mayoral Committee
1	Special Projects	MMC J N Molubi
2	Budget and Treasury	MMC B Lekoro
3	Community Development	MMC N S Xatasi
4	Technical and Infrastructure Services	MMC P Kgaladi
5	Public Safety	MMC M Mhlungu
6	Planning and Human Settlements	MMC V Makhaula
7	IDP, PMS and Legal	MMC S Wolmarans
8	Roads and Transport	MMC J Mashishi-Ntsime
9	Corporate Support Services	MMC N Babe
10	Local Economic Development	MMC O Kombe

A reshuffling was effected on 21 June 2017 and the Portfolio Heads were constituted as follows:

MEMBERS OF THE MAYORAL COMMITTEE & THEIR PORTFOLIOS

 <p>Rustenburg Local Municipality</p> <p>MMC Directorate: Infrastructure Nombulelo Xatasi</p>	 <p>Rustenburg Local Municipality</p> <p>MMC Directorate: Public Safety Michael Mhlungu</p>	 <p>Rustenburg Local Municipality</p> <p>MMC Directorate: Human and Social Services Victoria Makhaula</p>	 <p>Rustenburg Local Municipality</p> <p>MMC Directorate: Special Projects & Intergovernmental Relations John Molubi</p>
<p>Cllr Xatasi N MMC Community Development</p>	<p>Cllr Mhlungu SBM MMC Public Safety Services</p>	<p>Cllr Makhaula V.N. MMC Planning and Human Settlements</p>	<p>Cllr Molubi J MMC Intergovernmental Relations, Youth, Women, Children and people living with Disability</p>
 <p>Rustenburg Local Municipality</p> <p>MMC Directorate: Budget and Treasury Office Basebi Lekoro</p>	 <p>Rustenburg Local Municipality</p> <p>MMC Directorate: Local Economic Development Ofentse Kombe</p>	 <p>Rustenburg Local Municipality</p> <p>MMC Directorate: Roads and Transport Joyce Mashishi-Ntsime</p>	 <p>Rustenburg Local Municipality</p> <p>MMC Directorate: Internal Security Nosipho Babe</p>
<p>Cllr Lekoro B MMC: Budget & Treasury</p>	<p>Cllr Kombe O MMC LED</p>	<p>Cllr Mashishi-Ntsime J MMC Roads & Transport</p>	<p>Cllr Babe N MMC Corporate Support Services</p>
 <p>Rustenburg Local Municipality</p> <p>MMC Directorate: Integrated, Environment, ESD & Rural Development Shadrack Wolmarans</p>	 <p>Rustenburg Local Municipality</p> <p>MMC Directorate: Technical and Infrastructure Services Lucky Kgaladi</p>		
<p>Cllr Wolmarans S MMC IDP, PMS & Legal</p>	<p>Cllr Kgaladi L MMC Technical and Infrastructure Services</p>		

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:

1. Municipal Planning Tribunal
2. Local Labour Forum (LLF);
3. Municipal Performance Audit Committee (PAC);
4. Municipal Public Accounts Committee (MPAC);
5. Risk Management Committee;
6. Rules of Order;
7. IDP/ Budget Steering Committee; and

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:

1. Improving the quality of accounting and internal control functions
2. Strengthening the objectivity and credibility of financial reporting
3. Strengthening the independence of the internal audit functions
4. 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.

MEMBERS OF THE PERFORMANCE AUDIT COMMITTEE (PAC)

The committee's terms of reference require a minimum of five members, and consists of the members listed below.

Table 2.3 Members of the Performance Audit Committee

No.	MEMBER	TERM	POSITION	STATUS
1.	R Tshimomola	3 years (Appointed 25 August 2015)	Chairperson	Resigned (15 May 2018)
2.	G Taylor	3 years (Appointed 25 August 2015)	Member	Resigned (20 September 2017)
3.	S Ngobeni	3 years (Appointed 26 January 2016)	Member	Current
4.	W.E Huma	3 years (Appointed 02 May 2017)	Member	Current (Appointed Chairperson on the 29 May 2018)
5.	H Maritz	3 years (Appointed 02 May 2017)	Member	Current
6.	Z Nkosi	3 years (Appointed 29 May 2018)	Member	Current
7.	T Mawela	3 years (Appointed 29 May 2018)	Member	Current

Attendance

During the year under review, five (5) meetings were held where the Municipal Manager and Management are invitees. External stakeholders such as the Auditor-General of South Africa (AGSA), National and Provincial Treasury were invited to meetings.

Table 2.4 Attendance of meetings

No.	MEMBER	ROLE	MEETINGS HELD	NUMBER OF MEETING HELD	NUMBER OF MEETINGS ATTENDED
1.	R Tshimomola	Chairperson	23 August 2017	5	4
2.	W.E Huma	Member	30 August 2017	5	4
3.	H Maritz	Member	20 November 2017	5	5
4.	G Taylor	Member	19 March 2018	5	0
5.	S.A.B Ngobeni	Member	18 May 2018	5	3
6.	Z Nkosi	Member		5	0
7.	T Mawela	Member		5	0

2.2 ADMINISTRATIVE GOVERNANCE STRUCTURE

The Municipal Council appointed the management team 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). 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 she is assisted by a team of senior managers. The following are section 57 managers:

Table 2.5 Senior Managers

2017/2018	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
POSITION	NAME	NAME	NAME	NAME
Municipal Manager	Sithole NS	Sithole NS	Sithole NS	Sithole NS
Chief Financial Officer	Maposa K	Maposa K	Maposa K	Massyn M
Director Planning	Motlhamme E	Halenyane MMG	Halenyane MMG	Halenyane MMG
Public Safety	Kotsedi SS	Kotsedi SS	Kotsedi SS	Kotsedi SS
Acting Director Technical and Infrastructure Service	Bergh VP	Bergh VP	Mashile KL	Mashile KL
Community Development	Sefike DL	Motlhamme E	Rampete NM	Rampete NM
Roads and Transport	Rapoo MK	Moleele MO	Moleele MO	Moleele MO
Corporate Support Services	Segatle FS	Segatle FS	Pholose AE	Pholose AE
Local Economic Development	Rademeyer JR	Komane E	Komane E	Komane E
Acting Manager Office of the Executive Mayor	Kgosimore PB	Kgosimore PB	Kgosimore PB	Kgosimore PB
Chief Audit Executive	Mabe CS	Mabe CS	Mabe CS	Mabe CS
Manager Office of the Municipal Manager	Manuel B	Manuel B	Manuel B	Manuel B
Manager Office of the Speaker	Matima PN	Nontyi FV	Nontyi FV	Hlatshwayo LN

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

1. Executive Committee (EXCO) was changed to Management Committee (MANCO), consists of the Municipal Manager and Section 56 managers and meets on a weekly basis.
2. Bid Specification, Evaluation and Adjudication Committees – these bid committees are meeting on a weekly basis
3. Audit Steering Committee – meet on a weekly basis
4. Revenue Protection Team
5. Service Delivery Committee
6. Financial Disciplinary Board
7. Dispute Resolution Committee
8. Conflict Resolution 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

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:

1. Political IGR: where mayors and other politicians discuss local and district service delivery issues of common interest and challenges are resolved.
2. 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.
3. 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



CLLR D. NEL
CHAIRPERSON OF MPAC

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 the following councillors with the exception of the Executive Mayor, Speaker, Chief Whip, or a Member of Mayoral Committee (MMC):

- a) Cllr D Nel *Chairperson*
- b) Cllr F.S. Moatshe
- c) Cllr R.M. Letlape
- d) Cllr A. Kwanaite
- e) Cllr A. Tsamai
- f) Cllr R.P. Molatlhegi
- g) Cllr M Omarjee
- h) Cllr K.I Monaise
- i) Cllr P. Bothomane
- j) Cllr J.L Sephai
- k) Cllr P Tlhapi
- l) Cllr Z Xhanela
- m) Cllr Njikelane

Councillors serving on the MPAC were appointed for a term which corresponds to the term of office of the current Council.

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:

Table 2.6 Meetings of the Public Accounts Committee

No	Details of the Meeting	Total number of meetings held
1	Scheduled	4
2	Auditor General	1
3	Public Participation	12 (clustered wards)

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

1. 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;
2. 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;

3. 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.
4. To promote good governance, transparency and accountability on the use of municipal resources;
5. 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
6. To perform any other functions assigned to it through a resolution of council within its area of responsibility.

REPORT ON ALL MATTERS/ITEMS REFERRED TO MPAC BY COUNCIL

Table 2.7

Date	RESOLUTON	DESCRIPTION	ACTION/PROGRESS
28/03/2017	96	Short Term Insurance	Done and submitted to council
02/05/2017	150	Augmented organogram of MPAC	Done
05/05/2017	152	Oversight Report on the annual report	Done
		Public Participation schedule	Done
30/05/2017	191	Oversight Report on the annual report	Done
28/03/2018	101	Tabling of the Oversight Report on the annual report	Done

From 01 July 2017 – 30 June 2018

COUNCIL MEETINGS

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

WARD COMMITTEES

The municipality has established 45 ward committees since 2016 that convene monthly meetings that serve as a platform 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.

2.4 IDP PARTICIPATION AND ALIGNMENT

Governance and Compliance

INTRODUCTION TO GOVERNANCE

The Rustenburg Local Municipality (RLM) is a Category B Municipality in South Africa as defined in the Municipal Structures Act, No. 117 of 1998 as amended. The Municipality has a well-defined political and administrative governance system supported by implementation of principles of King III on Corporate Governance. 2017/18 was the first year of implementation of the 2017/2022 Five-year IDP which was approved by the new Council that came into office in August 2016.

GOVERNANCE BODIES, GOVERNANCE FUNCTIONS AND OVERSIGHT

Council is the decision-making structure of the Municipality. It is composed of both legislative and executive functions. The Administration is responsible for service delivery, policy-making and regulation.

The separation of functions between legislative and executive arms of Council is a governance innovation implemented to enhance oversight and public participation in Council programmes. This is achieved through the delegation of legislative and executive functions of Council to the legislative and executive arms respectively. Service delivery implementation and policy issues such as Integrated Development Planning and tariffs are delegated to the Executive (led by the Executive Mayor). Legislative functions are delegated to Council and its committees and these include oversight and public participation. The latter is fundamental to successful delivery of services, accountability and public consultation in local government.

The Municipality established an independent oversight committee. This arrangement enables improved political and administrative oversight, as well as greater scrutiny and increased accountability within Council and its entity. This improved oversight has improved the levels of clean governance in the Municipality as well as the levels and intensity of citizen engagement through processes of consultation and communication. The Municipality's governance and institutional arrangements are critical to achieving its vision of a world class city.

For the 2017-18 financial year, Council had 89 Councillors split equally between 45 ward Councillors and proportional representation Councillors. Councillors are allocated to various committees established in terms of Section 79 of the Municipal Structures Act. The committees exercise functions delegated to them by Council, primarily oversight and public participation.

POLITICAL GOVERNANCE STRUCTURE

Political Leadership – Legislative

The political leadership of the Municipality is organized based on legislative and executive functions, i.e. the legislative function of Council is implemented by Council and its committees, led by the Council Speaker, supported by the Single Whip of Council. The Speaker of Council is the Chairperson of Council presiding over Council meetings in accordance with Council's Standing Rules. The Speaker has a responsibility for Section 79 oversight committees and for Council Affairs to develop political governance within the Municipality among Councillors. The Single Whip is an official office bearer, who is a member of the majority party and also Single whip of the Majority Party. The single Whip ensures proportional distribution of Councillors to various Committees of Council. The Single whip

maintains sound relations among the various political parties by attending to disputes among political parties. In 2017/18 the mandate of the Legislative Arm of Council focused on; accountability, oversight and scrutiny; strengthening the capability and Legislative Arm of Council; public participation to safeguard local democratic processes; and sound financial management.

Political Leadership – Executive

The Executive Mayor appointed a Mayoral Committee from among elected Councillors in terms of Section 79 of the Municipal Structure’s Act as amended. The Municipality ’s Mayoral Committee performs those elements of the Executive Mayor’s powers and functions as may be designated by the Municipal Council, exercising and performing them in support of the Executive Mayor. The Municipality ’s Mayoral Committee ensures that service delivery takes place, including but not limited to improving efficiency, credit controls and revenue, and administration of the municipality.

New Mayoral Committee

Being the end of the 2012/2017 Mayoral Term, the August 3, 2016 elections led to a new political leadership for the 2017/2022 IDP period. The members of the Mayoral Committee are fully listed on page 32 of this document.

COUNCIL OVERSIGHT

Political oversight functions of Council are exercised primarily through Section 79 Committees. Clear guidelines on how these committees address oversight responsibilities are outlined in the delegated powers. Councillors also physically visit sites where projects are implemented - especially service delivery projects - so as to fulfil their oversight roles. Other oversight tools include the use of questions by individual Councillors to hold the Executive to account, as well as motions to ensure debate on Council issues.

To promote oversight and accountability, committees determine priority areas for oversight in respect of each portfolio, which are guided by the priorities of the Municipality as contained in its IDP. In addition, committee visits to projects and service delivery sites assist and complement the Committees’ oversight function.

Chairpersons of Section 79 Portfolio Committees

Chairpersons of Section 79 committees are listed under appendix B.

Administrative Governance Structure

Municipal entity (ME)

The Municipality established a municipal entity (The Rustenburg Water Services Trust) under the Companies’ Act of 2008. It exists purely as service delivery agent for the Municipality, who in this case is the principal or shareholder. The entity is governed through a Service Level Agreement (SLA) signed between the Municipality and the entity. Although the entity has an individual corporate identity, it remains fully controlled by Council.

CLEAN ACCOUNTABLE GOVERNANCE

The Rustenburg Local Municipality prioritises values of clean governance and in line with Section 79 of the Municipal Structure’s Act as amended and best practice, the Municipality has independent structures that serve the objective of giving an unbiased opinion and advice to Council. These include:

- Performance Audit Committee (PAC)
- Risk Committee
- Municipal Entity (RWST) Board of Directors

- Municipal Public Accounts Committee (MPAC)

These Committees are capacitated by individuals who are not employees of the Municipality with wide skills sets, including, specialised fields of strategy, institutional performance, finance, accounting, legal, risk management, etc.

Performance Audit Committee (PAC)

The PAC amongst other responsibilities, assesses and oversees the organisational performance management system and service delivery performance of the Municipality including the Municipal Entity. The other primary objective of the PAC is to assist Council in fulfilling its oversight responsibilities and reviewing the performance targets as set out in the Integrated Development Plan (IDP) and the Service Delivery and Budget Implementation Plan (SDBIP).

During the 2017/18 financial year, the Rustenburg Local Municipality intensified its planning for the transition to the next term of office for the period 2017-2022. As with the current term, the next term will be guided by the Regional Master Plan, and by the 5-Year Integrated Development Plan (IDP). Within the regular and predictable 5-year cycle, it is clearly envisaged that the Growth and Development Strategy would be revisited at the end of the current term of office. A Master Plan revision would be based on a review of the progress made over the term, and would lead to the reformulation of a new 5-Year IDP for the 2022-2027 term of office to ensure that the Municipality maintains its strategic direction.

Further, the conditions that informed the 2012-17 IDP have changed and may no longer be relevant. In particular, the following changes are worth noting:

- There have been dramatic changes in the global context over the last few years, shaping into another potential global financial crisis. This will have significant implications for the economic growth path to be followed by the Municipality to reach its proposed growth targets and development objectives.
- New mandates and objectives have been set by National Government, such as the South African Government's new Medium-Term Strategic Framework (MTSF), which will be given further focus in the government programmes formulated for the 2014-19 national and provincial terms of office.
- Key international development agendas have come into sharper relief over the last few years. These include geopolitical shifts, the challenge of addressing climate change, the replacement of the Millennium Development Goals (MDGs) with Sustainable Development Goals (SDGs), and new approaches to infrastructure finance.

If these strategic plans going ahead are to be robust and clear they must be based on:

- a careful evaluation of what the Municipality has been able to achieve in the past term of office;
- a rigorous critical reflection of key weaknesses and gaps in the municipality's past and present performance;
- a thorough analysis of trends and dynamics in the external environment shaping the ability of the Municipality to fulfill its purpose as a developmental local government; and
- a systematic participatory process of reviewing long term goals and re-setting 5-year objectives and programmes of action.

It is understood that this next iteration of the 5-Year IDP would build on, and further deepen, the already proud history of strategic planning in the Municipality.

Public meetings were held throughout the municipal area during this period to provide answers to the community.

Some of the government and non-governmental organisations that operate within the area of jurisdiction of the municipality have submitted their developmental projects to the municipality for inclusion in the IDP.

MAYORAL OUTREACH PROGRAMME 2018 (IMBIZO): STAKEHOLDERS

Table 2.8 IDP Review Meetings held

WARD	CONSULTATION DATE	TIME	VENUE	ACTIVITY	PARTICIPANTS	PRESENTING DIRECTOR
31	17/04/2018	16h00	Shakhina Church RDP	Public consultation	Community Members	DCD Ms. N Rampete
32	17/04/2018	13H00	Marikana Community Hall	Public consultation	Community Members	DPS Mr. S Kotsedi
33	17/04/2018	16h00	Nkaneng sport ground	Public consultation	Community Members	ADRRT Mr. O Moleele
36	17/04/2018	10H00	Molote City	Public consultation	Community Members	DLED Mr. E Komane
45	17/04/2018	16h00	Tshukudu High School	Public consultation	Community Members	CFO Mr. K Maposa
34	18/04/2018	16h00	Bokamoso stop sign	Public consultation	Community Members	DPS Mr. S Kotsedi
35	18/04/2018	10H00	Ikemeleng sports ground	Public consultation	Community Members	DCSS Mr. A Pholose
41	18/04/2018	16H00	Seraleng Community office	Public consultation	Community Members	ADRRT: Mr. O Moleele
43	18/04/2018	16h00	Seraleng EXT Ground	Public consultation	Community Members	DLED Mr. E Komane
44	18/04/2018	14h30	Lesung Community Hall	Public consultation	Community Members	DCD Ms. N Rampete
12	19/04/2018	16h00	Meriting community Hall	Public consultation	Community Members	DLED: Mr. E Komane
19	19/04/2018	16:30	Boikagong primary school	Public consultation	Community Members	CFO: Mr. K Maposa
20 and 21	19/04/2018	10h00	Community recreation centre (Boitekong)	Public consultation	Community Members	ADRRT Mr. O Moleele
29	19/04/2018	10h00 (Subject to change)	Rankelenyana SASSA Pay point	Public consultation	Community Members	DLED Mr. E Komane

WARD	CONSULTATION DATE	TIME	VENUE	ACTIVITY	PARTICIPANTS	PRESENTING DIRECTOR
30	19/04/2018	11H00	Bethanie tribal hall	Public consultation	Community Members	DPHS: Ms. M Halenyane
22	23/04/2018	16h00	Sunrise Community Hall	Public consultation	Community Members	DCD: Ms. N Rampete
23	23/04/2018	16h00	Kanana Open Space	Public consultation	Community members	ADRRT: Mr. O Moleele
24	23/04/2018	12H00	Living by faith church	Public consultation	Community Members	DTIS: Mr. K Mashile
25	23/04/2018	16H00	Monakato Community Hall	Public consultation	Community Members	DPHS: Ms. M Halenyane
37 and 40	23/04/2018	17h00	Paardekraal Hall	Public consultation	Community Members	ASCSS: Mr. A Pholose
38	23/04/2018	15:30	Phase 2 open space next to pipes	Public Consultation	Community Members	DCD Ms. N Rampete
39	23/04/2018	17h00	Ramochana Sports grounds	Public consultation	Community Members	DLED Mr. E Komane
04	24/04/2018	16h00	Ramotse community center	Public consultation	Community Members	ADCSS Mr. A Pholose
14; 15; 16; 17;18; 42	24/04/2018	18h00	Rustenburg Old Town Hall	Public consultation	Community Members	CFO: Mr. K Maposa + All other Directors not presenting elsewhere
26	24/04/2018	10H00	Tlaseng Tribal Office	Public consultation	Community Members	DTIS: Mr. K Mashile
27	24/04/2018	14H00	B Tause community hall	Public consultation	Community Members	DCSS Mr. A Pholose
28	24/04/2018	16h00	Rethusegile High School	Public consultation	Community Members	DPHS: Ms. M Halenyane
01	25/04/2018	10H00	Phatsima Community Hall	Public consultation	Community Members	DPS: Mr. S Kotsedi
02	25/04/2018	15H00	Robega community hall	Public consultation	Community Members	DPS: Mr. S Kotsedi
03	25/04/2018	16H00	Mogono Community Hall	Public consultation	Community Members	ADRRT: Mr. O Moleele

WARD	CONSULTATION DATE	TIME	VENUE	ACTIVITY	PARTICIPANTS	PRESENTING DIRECTOR
05	25/04/2018	16h00	Matlhwane Primary school	Public consultation	Community Members	DTIS: Mr. K Mashile
07	25/04/2018	16h00	Lekwakwa primary	Public consultation	Community Members	CFO: Mr. K Maposa
06	26/04/2018	16h00	Saron primary School	Public consultation	Community Members	CFO: Mr. K Maposa
08	26/04/2018	17:30	Tlhabane West Primary	Public consultation	Community Members	DCD: Ms. N Rampete
09	26/04/2018	11h00	Tlhabane community hall (with possible changes)	Public consultation	Community Members	DTIS: Mr. K Mashile
10	26/04/2018	17h00	Motladi-Kgwadi-Kgwadi P School	Public consultation	Community Members	ADCSS Mr. A Pholose
11	26/04/2018	17h00	Rampa P School	Public consultation	Community Members	DPHS Ms M Halenyane
13	26/04/2018	17h00	Laer Skool (Noord)	Public Consultation	Community Members	ADRRT Mr. O Moleele

Mayoral Stakeholder Engagement Committee (MASECO)

Through the Mayoral Stakeholder Engagement Committee (MASECO) the municipality managed to engage in dialogue with all mining companies and other stakeholders who have an interest or are affected by the mining operations in the area through this committee.

MASECO Meetings Held

No	Details of the Meeting	Total number of meetings held
1	Scheduled	4

Sector Departments, Business & 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.

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.

2.5 RISK MANAGEMENT

INTRODUCTION TO RISK MANAGEMENT

The Municipal Finance Management Act, 2003, section 62 (1) (c) (i) states that: *“the accounting Officer of the municipality is responsible for managing the financial administration of the municipality, and for this purpose take all responsible steps to ensure- that the municipality maintains an effective, efficient and transparent systems of financial and risk management and control”* for the achievement of the objectives of the municipality as contained in the IDP.

During the 2017/18 financial year the municipality has improved in terms of implementation and compliance of risk management by ensuring that all systems are in place. The municipality has ensured that a (i) Risk Management Committee is established with an external person appointed as Chairperson of the Committee, (ii) reviewed the risk management Policy and Strategy, (iii) and have an approved Risk Management Implementation Plan and a Risk Committee Charter.

The municipality is in the process of developing a Fraud Prevention Strategy and Implementation Plan and conducting Fraud Risk Assessments to improve the management of risk and fraud in the municipality.

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.

Table 2.9 High Level Summary of the Top Ten (10) Risks

No	Risk Description	Inherent Risk Rating	IDP Priority	IDP Objective	Mitigation Strategies.
1	Lack of infrastructure replacement	25	Efficient provision of quality basic services and infrastructure within a well-planned spatial structure.	Accelerate delivery and maintenance of quality basic and essential services to all communities.	Develop and implement infrastructure assets management plans.
2	Failure to meet public transport infrastructure target.	25	Efficient provision of quality basic services and infrastructure within a well-planned spatial structure.	Improve public transport infrastructure & services.	1.Continuous stakeholder engagements. 2.Finalisation of the section 78 process. 3.A catalyst champion who will drive the project.
3	Incomplete and inaccurate Billing	25	Ensure municipal financial viability and Management.	Implement revenue management strategy to enhance municipal viability and sustainability.	1. Effective Implementation of Policies, Strategies and Legislation. 2. Data cleansing .
4	Nonpayment of services	25	Ensure municipal financial viability and Management.	Implement revenue management strategy to enhance municipal	1. Continuous awareness campaign to inculcate the culture of payment 2. To ensure the tariffs are cost effective and affordable 3. Effectiveness to the

No	Risk Description	Inherent Risk Rating	IDP Priority	IDP Objective	Mitigation Strategies.
				viability and sustainability.	Speakers office to hold councilors accountable. 4. Implement Electronic bill presentment and payment system
5	Material Misstatements	25	Drive optimal municipal institutional development, transformation and capacity building	Development of institutional human resources capacity that enhances institutional competence.	1. Debt split on adjustment to be done monthly 2. Training on GRAP Standards to the level of Accountant 3. To appoint a Cost Accountant
6	Loss of immovable assets	25	Ensure municipal financial viability and Management.	Implement sound and sustainable financial management and compliance controls.	To beef up security at all facilities.
7	Inadequate provision of security measures for communities, municipal properties and personnel	25	To maintain a clean, green, safe and healthy municipal environment for all.	Implement integrated community safety and security strategy and measures.	1. Ensure Community Policy Forum (CPF) functionality 2. Resuscitate security awareness programme 3. Intensify fire prevention programme 4. Licensing and Testing of vehicles and drivers for road fitness 5. Provide advice regarding flood or disaster-prone areas. 6. Decentralization services. 7. Ensure conflict resolution committee functionality

No	Risk Description	Inherent Risk Rating	IDP Priority	IDP Objective	Mitigation Strategies.
8	Non-review of organizational structure in terms of the Municipal Systems Act (Section 66)	25	Drive optimal municipal institutional development, transformation and capacity building	Review, realign and implement organizational structure to support vision and objectives.	Alignment of the structure with the IDP.
9	Inadequate enforcement of By-Laws	25	To maintain a clean, green, safe and healthy municipal environment for all.	Implement an integrated by-law enforcement programme	Conduct By-Law awareness programme to ensure voluntary compliance
10	Lack of resources to deliver a quality basic and essential service	25	Develop and sustain a spatial, natural and built environment.	Improve service delivery through provision of high quality, reliable and cost-effective infrastructure based on integrated spatial planning.	<ol style="list-style-type: none"> 1.Review and funding of sector plans 2.Compilation of infrastructure asset management plan 3.Compilation of movable asset replacement plan (fleet and machinery) 4. Infrastructure financing strategy

2.6 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

The Municipal Council approved the policy on fraud and corruption per item 37 dated 14 November 2007. This policy was reviewed on the 25th June 2013 per item 252. It 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 policy covers among others:

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

2.7 BY-LAWS

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

Table 2.10 Rustenburg Local Municipality's By-Laws

NAME OF THE BY-LAW	PROMULGATED/ GAZETTED AND GAZETTE NUMBER
Community Development By-laws	
1. By-laws relating to the prevention of nuisance	6 September 2005 GAZETTE NR 6205
2. By-law relating to the disposal of contaminated and /infection waste	6 September 2005 GAZETTE NR 6205
3. By-law relating to the keeping of animals and poultry	6 September 2005 GAZETTE NR 6205
4. By-law relating to children services	6 September 2005 GAZETTE NR 6205
5. By-law relating to the preparation of food at registered private kitchens	6 September 2005 GAZETTE NR 6205
6. By-law pertaining to public hazards and nuisance	6 September 2005 GAZETTE NR 6205
7. By-law relating to accommodation establishment	6 September 2005 GAZETTE NR 6205
8. By-law relating to public cemeteries	7 June 2016 Gazette NR 7653
9. By-law for the hire of community, arts and culture facilities	6 September 2005 GAZETTE NR 6205
10. By-law relating to swimming pools and spa bath	7 June 2016 Gazette NR 7653
11. By-law relating to open space, park, sidewalks and gardens	7 June 2016 Gazette NR 7653
12. Public amenities by-law	6 September 2005 GAZETTE NR 6205
13. By-law relating to caravan parks and mobile homes	6 September 2005 GAZETTE NR 6205
14. Air pollution by-law	12 December 2014 GAZETTE NR 7383
15. Waste management by-law	7 June 2016 Gazette NR 7653
LOCAL ECONOMIC DEVELOPMENT	
1. Street trading by-law (in the review process)	11 August 1998 GAZETTE NR 5291
2. Outdoor Advertising by-law (in the review process)	15 September 1998
DIRECTORATE INFRASTRUCTURE AND SERVICES	
1. Electricity by-law (adopted by Council, still awaiting to be promulgated)	4 SEPTEMBER 2006 GAZETTE NR 6313

NAME OF THE BY-LAW	PROMULGATED/ GAZETTED AND GAZETTE NUMBER
2. Water supply and waste management (adopted by Council, still awaiting to be promulgated)	24 NOVEMBER 2006 GAZETTE NR 6343
BUDGET AND TREASURY OFFICE	PROMULGATED/ GAZETTED AND GAZETTE NUMBER
1. Credit control and debt collection by-law	10 April 2014 GAZETTE NR 7265
2. Rates by-law	10 April 2014 GAZETTE NR 7265
3. Tariff by-law	10 April 2014 GAZETTE NR 7265
Public Safety	PROMULGATED/ GAZETTED AND GAZETTE NUMBER
1. Management and Control of Informal Settlement within the Jurisdiction of the Municipality.	4 April 2008
2. Noise Control by-law	May 2004
3. Fire Brigade Services by-law (approved by Council and still awaiting for promulgation)	25 July 2008 GAZETTE NR 6510
4. Public Passenger and goods by-law	19 February 2004
PLANNING AND HUMAN SETTLEMENT	PROMULGATED/ GAZETTED AND GAZETTE NUMBER
1. Spatial planning and land use management by-law (REVIEWED)	29 January 2016
OFFICE OF THE SPEAKER	PROMULGATED/ GAZETTED AND GAZETTE NUMBER
1. Public participation by-law (reviewed)	4 September 2006 GAZETTE NR 6313
2. Rules of order by-law (reviewed)	8 August 2017 GAZETTE NR 7788

2.8 WEBSITE

The Rustenburg Local Municipality website has been running on the domain www.rustenburg.gov.za. It was developed using the latest content management system in the IT environment called WordPress. The Rustenburg Local Municipality is among the most visited sites 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
- Notices
- Documents

Table 2.11 Documents available on the Website

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: 2016/17	Yes
4	Current annual report: 2017/2018	To be placed after approval by Council in 2019
5	All current Performance agreements (2017/18) required in terms of Section 57(1)(b) of the Local Government: Municipal Systems Act, 2000	Yes
6	The Top Layer SDBIP 2017/2018	Yes
7	Performance Management System Framework 2017/2018	Yes

No.	Document	Available on the Website
8	Integrated Development Plan (IDP)	Yes
9	IDP, Budget and PMS Process Plan 2018/19	Yes
10	Supply Chain Management contracts and / or Service Level Agreements: 2017/18)	Yes
11	All long-term borrowing contracts	Yes
12	Quarterly reports in terms of Section 52(d) of the Local Government: Municipal Finance Management Act, 2003	Yes
13	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.	BTO
14	Supply chain management contracts above R200 000 for the 2017/18 financial year	Yes
15	Contracts having future budgetary implications entered into in terms of Section 33 of the Local Government: Municipal Finance Management Act, 2003.	Yes
16	Public – private partnership (PPP) agreements referred to in Section 120 of the Local Government: Municipal Finance Management Act, 2003.	None

2.9 COMMUNITY SATISFACTION SURVEY

No Community Satisfaction Survey was conducted for the year under review.

CHAPTER THREE: SERVICE DELIVERY PERFORMANCE (PERFORMANCE PART I)

INTRODUCTION

This chapter presents the annual performance results of the municipality during the 2017/18 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 Storm water;
- Waste Management; and
- Water and Sanitation Services.

Table 3.1 Introduction to Basic Services

Basic Service	Backlogs (Community Survey StatsSA 2016)	Actual Performance (as at June 2017)	Actual Performance (As at 30 June 2018)
Water	68 795	69hh	32 557
Sanitation	78 774	-	75 924
Refuse	120 000	145 122	116 535
Electricity Including Eskom	48 824	4921hh	38 716
Roads (Construction and Maintenance: resealing, regravelling and road markings)	100km	226km	10km

3.1 WATER PROVISION

Table 3.2

Financial Performance 2017/18 Financial Year				
WATER				
Details	2016 -17 Actuals	2017 -18 Budget	2017 -18 Actuals	Variance
	R'000	R'000	R'000	R'000
Total Operating Revenue	504 356	838 426	750 124	88 302
Employee Related Costs	47 841	53 153	50 395	2 758
Repairs and Maintenance	10 243	31 399	29 822	1 577
Other Expenditure	420 421	757 590	411 970	345 620
Total Operating Expenditure	478 505	842 142	492 187	349 955
Net Operating Profit/ (Loss)	25 851	(3 716)	257 937	(261 653)

Table 3.3 Water Objectives Per IDP

WATER OBJECTIVES AS PER IDP: 2017/18 FINANCIAL YEAR						
Strategic Objectives	Key Performance Indicators	2016/17		2017/18		
		Target	Actual	Original Target	Adjusted Target	Actual Performance
Accelerated delivery and maintenance of quality basic and essential services to all communities	Number of households with access to basic levels of water services	69	69	32557		32 557

3.2 WASTE WATER (SANITATION) PROVISION

Table 3.4

Financial Performance 2017/18 Financial Year				
WASTE WATER MANAGEMENT				
Details	2016 -17 Actuals	2017 -18 Budget	2017 -18 Actuals	Variance
	R'000	R'000	R'000	R'000
Total Operating Revenue	143 360	239 412	223 782	15 630
Employee Related Costs	4 828	9 620	5 882	3 738
Repairs and Maintenance	74 939	89 616	85 038	4 578
Other Expenditure	46 154	168 84	49 602	119 240
Total Operating Expenditure	125 922	268 078	140 522	127 556
Net Operating Profit/ (Loss)	17 438	(28 666)	83 260	(111 926)

WATER – CAPITAL EXPENDITURE						
Dep	Item	Vote	Vote Description	Budget 2017/18	Actuals 2017/18	Variance
429	116	2241	CONSTRUCTION OF BOSPOORT BULK WATER PIPELINE	3 112 000.00	3 111 071.29	928.71
429	116	2242	UPGRADING AND EXTENSION OF BOSPOORT WATER TREATMENT WORKS	41 110 793.00	41 108 836.56	1 956.44
429	116	4657	WATER	23 928 580.00	-	23 928 580.00
429	116	4680	REFURBISHMENT OF BULK LINE & TLHABANE WATER AC REPLACEMENT	16 738 768.00	16 738 305.36	462.64
429	118	2874	LEKGALONG-WATER SUPPLY	0.00	-2 920 934.10	2 920 934.10
429	183	3480	MAUMONG - WATER SUPPLY: PHASE 1 (2015/16) ROLL OVER	2 387 795.00	0.00	2 387 795.00
429	183	3482	RANKELENYANE WATER SUPPLY	20 284 528.00	3 740 089.28	16 544 438.72
429	183	3483	LEKGALONG - WATER SUPPLY: PHASE 4	21 000 000.00	5 972 017.42	15 027 982.58

WATER – CAPITAL EXPENDITURE						
Dep	Item	Vote	Vote Description	Budget 2017/18	Actuals 2017/18	Variance
429	183	3484	WATER CONSERVATION AND WATER DEMAND MANAGEMENT	12 500 000.00	0.00	12 500 000.00
429	183	3485	SYFERBULT WATER SUPPLY SCHEME PHASE 2B	1 215 472.00	964 638.87	250 833.13
429	183	3486	MATHOPESTAD WATER SUPPLY SCHEME PHASE 3	10 000 000.00	5 082 269.71	4 917 730.29
429	183	3494	MAUMONG - WATER SUPPLY: PHASE2	4 697 268.00	-	4 697 268.00
429	183	3495	MATHOPESTAD - RURAL WATER SUPPLY SCHEME:PHASE 2	4 089 650.00	1 897 778.61	2 191 871.39
429	183	3496	LEK GALONG - WATER SUPPLY:PHASE 2	0.00	7 617 301.89	-7 617 301.89
				167 146 840.00	88 107 683.27	79 039 156.73

Table 3.5. WATER SERVICES POLICY OBJECTIVES AS PER IDP

WATER SERVICES POLICY OBJECTIVES AS PER IDP: 2017/1 FINANCIAL YEAR						
Strategic Objectives	Key Performance Indicators	2016/17		2017/18		
		Target	Actual	Original Target	Adjusted Target	Actual Performance
Accelerated delivery and maintenance of quality basic and essential services to all Communities	Percentage of households with access to basic levels of services : Sanitation,	-	-	75924	-	75924
Improved service delivery through provision of high quality, reliable and cost-effective infrastructure based on integrated spatial planning	Date of approval of Infrastructure Development Plans	-	-	-	-	-

SANITATION – CAPITAL EXPENDITURE						
Dep	Item	Vote	Vote Description	Budget 2017/18	Actuals 2017/18	Variance
428	127	2733	UPGRADING OF THE BULK SEWER LINES TO THE WWTW (WESTERN AREA)	4 750 000.00	4 723 911.49	26 088.51
428	127	2954	REPLACEMENT OF TLHABANE AC SEWER BULK LINE	28 949 167.00	28 644 056.40	305 110.60
428	127	2958	UPGRADING OF THE MONNAKATO WASTE WATER TREATMENT WORKS	3 400 000.00	3 335 352.19	64 647.81
				37 099 167.00	36 703 320.08	395 846.92

3.3 ELECTRICITY PROVISION

Table 3.6. Electricity Provision

Financial Performance 2017/18 Financial Year				
ELECTRICITY				
Details	2016 -17 Actuals	2017 -18 Budget	2017 -18 Actuals	Variance
	R'000	R'000	R'000	R'000
Total Operating Revenue	2 117 880	2 546 748	2 067 384	479 364
Employee Related Costs	40 598	48 881	42 834	6 047
Repairs and Maintenance	11 980	18 843	13 058	5 785
Other Expenditure	1 809 874	1 830 270	1 748 319	81 952
Total Operating Expenditure	1 862 453	1 897 994	1 804 211	93 783
Net Operating Profit/ (Loss)	255 427	648 755	263 174	385 581

Table 3.7 Access to Basic Levels of Electricity

Strategic Objectives	Key Performance Indicators	2016/17		2017/18		
		Target	Actual	Original Target	Adjusted Target	Actual Performance
Accelerated delivery and maintenance of quality basic and essential services to all communities	Percentage of households with access to basic levels of electricity	4921	4921	1232	-	1232

Table 3.8. Electricity

ELECTRICITY – CAPITAL EXPENDITURE						
Dep	Item	Vote	Vote Description	Budget 2017/18	Actuals 2017/18	Variance
411	128	3005	KANANA HIGH MAST LIGHTS	4 557 820.00	4 521 378.74	36 441.26
411	128	3006	LESUNG HIGH MUST LIGHTS	390 022.00	390 021.96	0.04
411	128	3007	MABITSE HIGH MUST LIGHTS	491 655.00	491 655.22	(0.22)
411	128	3008	MAFIKA HIGH MUST LIGHTS	459 025.00	459 024.94	0.06
411	128	3009	MAUMONG HIGH MAST LIGHTS	1 100 000.00	1 093 324.66	6 675.34
411	128	3010	TLAPA HIGH MAST LIGHTS	524 267.00	524 265.93	1.07
411	128	3011	MOSENTHAL/IKAGENG HIGH MAST LIGHTS	5 130 894.00	5 104 634.38	26 259.62
411	128	3012	RANKELENYANE HIGH MAST LIGHTS	654 686.00	654 686.33	(0.33)
411	128	3014	ROBEGA HIGH MAST LIGHTS	3 955 380.00	3 920 440.62	34 939.38
411	128	3015	SERUTUBE HIGH MAST LIGHTS	357 411.00	357 411.26	(0.26)
411	128	3492	THABANENG MAST LIGHTS	1 018 540.00	1 018 539.59	0.41
				18 932 870.00	18 827 553.91	105 316.09

COMMENTS ON ELECTRICAL SERVICES

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

Table 3.9 ELECTRICITY OVERVIEW

No	Service Provided	Performance		
		Annual Target	Actual	Variance
1	Households electricity connections (Ikemeleng)	1232	1232	0

3.4 WASTE MANAGEMENT

Table 3.10 Waste Management

Capital expenditure 2017/18 Financial Year				
WASTE MANAGEMENT				
Details	2016 -17 Actuals	2017 -18 Budget	2017-18 Actuals Variance	
	R'000	R'000	R'000	
Capital project				
MARIKANA-CONSTRUCTION OF TRANSFER STATION	1 252 442			
Total Capital Expenditure	1 252 442			

Table 3.11 Waste Management Objectives

WASTE MANAGEMENT OBJECTIVES AS PER IDP: 2017/18 FINANCIAL YEAR						
Strategic Objectives	Key Performance Indicators	2016/2017		2017/2018		
		Target	Actual	Original Target	Adjusted Target	Actual Performance
Explore and implement alternative eco-friendly and conservation intervention to preserve the environment	Percentage increase in household provided with a weekly solid waste removal	65000	109550	2%	-	4.1%
	Number of jobs created through Expanded public Works Programme by 30 June 2018.	-	1	150	-	210
	Percentage Implementation of Recycling Programmes within	-	100%	100%	-	100%

WASTE MANAGEMENT OBJECTIVES AS PER IDP: 2017/18 FINANCIAL YEAR						
Strategic Objectives	Key Performance Indicators	2016/2017		2017/2018		
		Target	Actual	Original Target	Adjusted Target	Actual Performance
	the RLM jurisdiction by June 2018.					

COMMENTS ON THE PERFORMANCE OF WASTE MANAGEMENT

Waste Collection Services

There is currently a Service Provider (Katlego Baphiring) appointed from April 2016 to March 2019 for the provision of wet refuse removal in areas that the municipality is not able to cover in terms of waste collection. The municipality also covers some areas within its jurisdiction. There is a dedicated team for street cleaning and illegal dumping services. Over 100 illegal dumping areas were cleaned during the financial year. 116 535 households currently have access to basic waste collection services.

Landfill Management

In September 2017, the Municipality took a decision to appoint a service provider on a 36 months period for the Operation and Maintenance of Waterval Landfill site following a near collapse of the landfill in the previous financial years. The operator started on site on the 04 September 2017. During this time the site was zero compliant to license conditions as the site office was vandalised and waste haphazardly disposed with uncontrolled reclamation activities making the site unmanageable. The site has been rehabilitated with basic services and necessary infrastructure restored. Currently the site is fully fenced, electricity is partially restored, office building was renovated and the weighbridge system is in place. The gate fee has been collected since the 09 April 2018. Standard Operating Procedures (SOPs) have been developed to ensure that the facility is operated and managed in a safe and compliant manner.

(a) Compliance

During the last site inspection conducted by the Provincial Department (READ) on the 05 March 2018, the compliance level of the site sky rocketed from zero to 68%. The Municipality is in the process of correcting the non-compliance by revisiting all infrastructure that needs attention such as ablution blocks, showers, complete electrification of the site and reinstatement of the bulk water system on site. An action plan was developed to address the non-compliance issues and further simplify the operation of the site.

(b) Small scale Recycling facility

The site is currently having a small-scale recycling facility which is fully operational and handles various recyclables categories salvaged from the site. About 12 tonnes per month are diverted through this operation.

Marikana Transfer Station

- The Municipality started with the construction of the Marikana Transfer Station in 2013. The construction of the Marikana Waste Transfer Station is near completion (over 70%) completion. This is one of the sites identified as a drop off facility for green and recyclable waste.

A. Closure and Rehabilitation of Five RLM Communal sites and three Mini dumps

- Rustenburg Local Municipality had five communal sites in regional areas of Rustenburg at Monakato, Lethabong, Marikana, Phatsima and Bethanie. All these sites are currently closed and closure licences of the sites were received from the Authorising body (READ).
- Two Mini dumps (Kremetart and Zinniaville) were officially closed in June 2012 and minor rehabilitation was undertaken. The third mini Dump at Bethlehem drive (Waste depot) was cleaned up but not fully rehabilitated.

B. Closure and Rehabilitation of Townlands Landfill site

The Expression of interest for the closure and rehabilitation of Townlands Landfill site was advertised on June 2016 and the evaluation process was completed in September 2016 and there was one highest bidder proposed to Re-mine the un-reclaimed recyclables from the site and the remaining waste be used to generate electricity. This bidder was not appointed due to cost considerations by the municipality. Another expression of interest was advertised in July 2017 on condition of interested parties undertaking this activity at risk. The proposal is not having any cost implications to the Municipality in doing all the rehabilitation process, but normal rehabilitation (capping and greening) of the site can cost the Municipality over R60 Million. A section 33 process to enable the municipality to finalise appointment of this service provider is currently underway.

Expanded Public Works Programme

A total of 150 Waste EPWP beneficiaries were appointed on a two-year contract, ending 31 July 2019. EPWP beneficiaries were contracted to ensure that the level of the CBD in terms of the cleanliness is improved.

3.5 ENVIRONMENTAL MANAGEMENT SERVICES

INTRODUCTION

The environmental management and protection service of the Rustenburg Local Municipality's area of jurisdiction is based in the following key performance areas:

1. Environmental Strategic Planning: the main purpose of this KPA is to align the municipality's spatial planning processes, strategies and agreements of the municipality. Under this KPA, the unit reviewed an Environmental Management Framework (EMF). An EMF is a decision support tool which ensures that the municipality has sufficient information to guide EIA authorization decisions within a specific geographic area. It also provides a compilation of information and maps that are useful in other planning processes, such as the development of IDPs, SDFs and other open space planning applications.

Although the legal mandate for EMFs is vested with the EIA authorities and not directly with the local municipality responsible for land use management in municipal areas, the SPLUMA requires SDFs to take cognisance of any environmental management instrument adopted by the relevant environmental management authority.

The following EIA applications were evaluated for the financial year 2017/18

- 15x EIA applications received and evaluated
- 14xRezoning/lease/special consent applications received and evaluated.

The evaluation was based on the Environmental tools such as

- Rustenburg Local Municipality Environmental Management Framework,
- 2014 EIA Regulations promulgated under section 24 read with section 44 of the National Environmental Management Act(NEMA), 1998 as amended,
- Section 28 NEMA and the
- ROSHMAP.

The Environmental tools mentioned above ensure an emphatic environmental strategic planning within the municipality. An EMF in the municipality is also integrated in the Municipal Spatial Development Framework(SDF) and provides a basis for the integration of environmental factors in municipal plans such as land use schemes(LUS) and Integrated Development Plans(IDP).

2. Legislative Compliance activities of the unit 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. The Environmental tools used for legislative compliance are:

- a. Rustenburg Local Municipality Air Pollution Bylaw Gazette No. 7383 of 2014

Vehicle Emission Monitoring was conducted for the year 2017/18 and the admission of guilt fines were issued according to section 15 of the abovementioned By-law.

Purpose of this By-Law

To protect the public health and preserve the living environment with respect to air pollution, by controlling emissions of soot, smoke, domestic waste burning, tyre burning, illegal spray painting and dust particulates from the business activities of mines, development activities and business/township establishments: by controlling emissions of particulate while buildings are demolished; by promoting various measures concerning hazardous air pollutants; and by setting maximum permissible limits for automotive exhaust gases, etc.

- Rustenburg Local Municipality Air Pollution Bylaw Gazette No. 7383 of 2014
- Rustenburg Municipality Waste Management By-law Notice 105 of 2016

- 2.1.1 88 x vehicle emissions testing using the Hartridge Smoke meter were conducted
- 2.1.2 20 x admission of guilt fines were issued.

Spray painting section 19 of the abovementioned By-law

- 2.1.3 8 x Warnings/Abatement letters were issued

Dust Emissions section 16 of the abovementioned By-law

- 2.1.4 11 x Warnings/Abatement letters were issued.

Emissions that cause nuisance section 22 of the abovementioned By-law.

- 2.1.5 2 x Warning/Abatement letters issued.
The emission sources like spray painting and dust emission sources were monitored and abatement letters and admission of guilt fines were issued for non-compliance.

2.2 Rustenburg Municipality Waste Management By-law Notice 105 of 2016

The environmental complaints focusing on waste management were attended using Section 42(1) of the abovementioned By-law.

- 2.2.1 11 x warning/Abatement letters issued.

2.2.2 Environmental Audits.

3x Quarterly Internal Environmental Compliance Audits were conducted at Waterval Landfill site to ensure compliance with the conditions of the landfill license.

4x Quarterly Internal Environmental Compliance Audits were conducted at municipal waste water treatment works to ensure compliance with the conditions of the environmental authorizations issued.

2.3 NEMA section 30 Control of Emergency Incidents.

The following incidents were reported and attended to as per section 30 NEMA.

- 3x oil spillages by backyard mechanics around the Rustenburg CBD.
- 1x Removal of contaminated oil from dripping transformers and contaminated soil at Rustenburg Local Municipality electrical and workshop department.
- 5x complaints from sewer spillage that causes nuisance were attended, referred to Sanitation Unit and follow ups were done.

2.4 National Environmental Management Air Quality Act 39 of 2004

Chapter 1 section 3(a) In fulfilling the rights contained in section 24 of the constitution, the State:

(a) Through the organs of state applying this Act, must seek to protect and enhance the quality of the air in the republic. The Rustenburg Local Municipality has three ambient Air Monitoring stations that monitors the levels of priority pollutants to fulfill section 24 of the Constitution. Monthly reports on data management and maintenance are drawn from the three Ambient Air Monitoring Stations based on the levels of primary pollutants monitored. Generally, there is an improvement in the ambient air in the Rustenburg Local Municipality due to less exceedances recorded.

(b) Environmental Protection and Resilience directs environmental turnkey projects within the municipality.

The Unit conducted 12x environmental audits for the Rustenburg Rapid Transport (RRT) project to ensure compliance with the project's Environmental Management Plan (EMP) as outlined in section 28 of NEMA (Duty of Care and remediation of environmental damage).

3.6 HUMAN SETTLEMENTS

INTRODUCTION OF HUMAN SETTLEMENTS

The Housing Sector Plan for the Rustenburg Local Municipality (2012) and Plan for the Upgrading of Informal Settlement (2012/13 – 2014/15) defines the action plan for sustainable human settlement development. This plan will be merged as housing chapter and find expression in IDP. In progressive realization of a resilient, liveable and sustainable city, Council resolved to separate housing unit from the Directorate Planning and Human Settlement and elevate it to a level of a Directorate which is known as Directorate Human Settlement. Due to reluctance of the Provincial Department to Local Government and Human Settlement to delegate housing functions to the Municipality as per level 2 accreditation, Council resolved to merge Directorate with the Directorate Planning to be Directorate Planning & Human Settlement

The merging did not affect the functions performed but the centre of control and accountability was vested in one Director. The key deliverables expected is still the development of Sustainable Human Settlements. This is in line with the policies (such as the Breaking New Ground Policy) set out by the National Department of Human Settlements. The department is also expected to contribute towards the realization of sustainable and integrated delivery of water, sanitation, energy and waste.

The mission of the unit within the Directorate Planning & Human Settlement is to facilitate the delivery, in sustainable human settlements, of safe, affordable, adequately serviced, and well-located housing opportunities through:

Delivery at scale of adequate housing in sustainable human settlements;

- Mobilisation of well-located public land for low income and affordable housing with increased densities in this land and in general;
- Ensuring higher built densities, appropriate housing forms with a variety of tenure types, and the densification of existing residential areas;
- Supporting the functioning of the entire single residential property market to reduce duality within the sector;
- Intelligent informal settlement upgrading with a strong economic, public and green infrastructure focus; and
- Effective management of housing environments.

CHALLENGES

The challenges faced in the financial 16/17 listed below are still not resolved but carried over to the financial year 17/18

1. Finalisation of Municipal Accreditation Implementation Plan and Capacity Support of Municipality

One of the fundamental key principles of Accreditation is that accountability must accompany responsibility and funding follows function: A key distinction between accreditation and assignment is the location of financial responsibility and the lines of financial accountability. In accreditation, the financial administration of national housing programmes and financial accountability is shared between the provincial accounting officer and the accredited municipality. The municipality is required to report on financial matters to the provincial accounting officer. However, the IP as a formal instrument that gives effect to this delegated function is silent on this matter.

The devolution of functions as required in the framework has not been transferred yet

Configuration of the system not yet upgraded for optimum access of HSS-

The Implementation Protocol which will lead to the smooth transfer of delegation of functions was finalised in February 2014 but it is not yet signed.

The delivery of integrated human settlements requires the participation and commitment of all three spheres of government across all sectors, based on this statement the Municipality has engaged with both Provincial & National Department of Human Settlement to assist to address outstanding issues and expedite the signing of the Implementation Protocol, but to date no positive response is forthcoming.

2. Finalisation of Provincial Electronic beneficiary database

The North West Provincial Department of Human Settlement abandoned project without any communication to Municipalities. The matter was subsequently escalated to the national department of Human Settlements for their intervention.

COMMENT ON THE PERFORMANCE OF HOUSING PROJECTS OVERALL

The overall performance of the Unit Housing Provision is captured in the Directorate Planning & Human Settlement however progress of the following projects is to be noted;

The following were achieved during the 2017/18 financial year:

PROJECT NAME	NO OF UNITS	STATUS	ALLOCATED	OUTSTANDING ALLOCATIONS
Marikana CRU	252	Completed	-	
Marikana BNG	292	Completed	28	264 (illegally occupied)
Tlhabane Yizo Yizo/Seraleng BNG	557	In progress	187	363
Monakato BNG	515	Completed	496	19
Meriting 4 & 5	1590	Incomplete	1223	367
Dinie Estate	490	In progress	140	350
Bokamoso Housing Project	1750 (4000)	Stands are fully serviced		

Marikana Housing Project completed and only 28 houses were officially allocated and 264 illegally occupied.

Rightful beneficiaries are unable to occupy property pending the finalization of eviction of unlawful occupants.

Bokamoso housing development project has 4000 (four thousand) residential stands.

Five housing development companies have been appointed in Bokamoso to undertake the first phase of construction which amounts to 1600 units.

All civil engineering services have been installed in those stands.

- Electrical reticulation will be done by Eskom.
- Waste water treatment plant is currently being constructed.
- A total of 455 beneficiaries have been approved from the subsidy administration that was undertaken.
- 1145 are yet to be approved.

Meriting EXT 5

- Ext 5 is comprised of 1225 housing units which.
- 1225 have been constructed and allocated to their rightful beneficiaries.
- 1 housing unit has been illegally invaded
- 1 unit has not yet been constructed.

Meriting EXT 4

- Ext 4 comprises of 349 housing units.
- 50 wall plates have been constructed
- Construction has completely stopped due to lack of water.
- 0 allocated units in ext. 4

COMPONENT B: PLANNING AND DEVELOPMENT

3.11 PLANNING

INTRODUCTION

The Directorate Planning was established during 2014 when units in the directorate such as Environmental Management and Human Settlement were separated from the old directorate of Planning and Human settlement. Town and regional planning is a specialised technical field that is concerned with the control and management of the use of land within an order environment taking into account various other disciplines such as road and transport networks. It furthers guide and ensure the effective development of settlements within and around our communities. This includes the development of business opportunities (both commercial and industrial) in our area of jurisdiction. The directorate is concerned with research and analysis, strategic thinking, urban design, public consultation, policy analysis, development and implementation for a better life for all our citizens.

ESTATES ADMINISTRATION AND LAND SALES

The Unit's primary function is to initiate, manage and co-ordinate the administration of real estates and land management within the municipal area; to provide strategic advisory role relating to activities of land capital investment, disposal of single asset and /or entire portfolios and identification of possible scenarios for the positioning of municipal land portfolio in the open property market.

This function involves obtaining and maintaining value from the property portfolio by effectively administering and leasing, acquiring and selling, and ensuring maintenance of the property. Ensure continued success in all asset management operations by providing precise information and understanding of the physical characteristics of the portfolio or the assets.

Core functions:

- Management of applications for rights in land
- Analysis and management of pre-emptive conditions registered against Title Deeds
- Survey and compilation of Property specific or portfolio data
- Initiate investor interest in Property Development
- Management of servitudes and encroachments

Property development aims to maximise the financial, economic and social returns from the sale and/or lease of council owned land by active engagement with the property development value chain, in line with the Vision and Mission of the Rustenburg Local Municipality.

The unit has successfully facilitated the conclusion of a range of sale and development agreements. These projects include:

- Safari Investments Development Project in the Paardekraal area
- Mixed land Development by Roux Property Developments
- Development of a neighbourhood Centre in Bellevue

BUILDING CONTROL AND REGULATIONS

The National Building Regulation and Building Standard Act, 1977: (Act No. 103 of 1977) provides the basis for the units building control services. The Unit's policy is to provide a Building Control service, which gives customers the necessary support and guidance to help them meet their legal obligation and get it right from the start.

The Building Control Unit enforces the powers and functions prescribed by the Act, to the local authority being the Rustenburg Local Municipality. These functions include:

- Consideration and approval of site development plans for erection of buildings
- Evaluation of building plans to ensure compliance with the policy.
- Conducting site inspections to regularly monitor processes and compliance.
- Issuing of the occupancy certificate and notices to any person acting contrary to the requirements of the legislation.
- Serving contravention notices and fines.
- Evaluate and approve demolition applications

DEVELOPMENT PLANNING

To give effect to "Municipal Planning" as contemplated in the Constitution of South Africa, 1996 (Act 106 of 1996) and in so doing to lay down and consolidate processes and procedures, to facilitate and make arrangement for the implementation of land development and land development applications, spatial planning and a Land Use scheme within the jurisdiction of the Rustenburg Local Municipality in line with the Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013) to provide for the establishment of a Municipal Planning and Appeals Tribunal and to provide for matters incidental thereto.

The Unit: Development Planning enforces the powers and functions prescribed by the Act, to the local authority being the Rustenburg Local Municipality. These functions include:

- Consideration and approval of all land development applications
- Consideration and approval of all land Site Development Plans
- Evaluation of building plans to ensure compliance with the policy.
- Conducting site inspections to regularly monitor processes and compliance.
- Serving contravention notices and fines regarding illegal land uses.
- Assist in the eviction of squatters.
- Compiling and amendment of policies and by – Laws.

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

Projects were identified and process of implementation of plans have started in Monnakato, Tlhabane sports facilities and extension of business opportunities, Rustenburg North to accommodate for recreational facilities, Lethabong. The following studies were undertaken:

- 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
- Updating of the Rustenburg Spatial Development Framework. .

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:

No	Details	Formalization of Townships		2016/17
		2016/17	2017/18	
1	Planning applications received	4		143
2	Determination made in year of receipt	1		77
3	Determination made in the following year			
4	Applications withdrawn / Not approved			13
5	Applications outstanding at the end of the year	3		53

FINANCIAL PERFORMANCE 2017/18					
PLANNING DIRECTORATE				R'000	
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance
Total Operating Revenue	-12,473,701	-10,658,309	-13,799,177	-13,371,706	-427,471
Employees	27,183,260	29,419,947	31,600,334	30,764,367	835,967
Repairs and Maintenance	739,000	784,079	784,079	661,733	122,346
Other	6,452,167	16,480,074	27,042,543	13,654,136	13,388,407
Total Operational Expenditure	21,833,570	46,684,100	59,426,956	45,080,236	14,346,720
Net Operational Expenditure	(9,359,869)	(36,025,791)	(45,627,779)	(31,708,530)	(13,919,249)

COMPONENT C: ROAD TRANSPORT

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

3.8 PUBLIC TRANSPORT SYSTEM

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.
- Implementation of an integrated public transport network
- Regulation and management of public transport services

Table 3.14 Roads and Transport

Financial Performance 2017/18 Financial Year				
ROADS AND TRANSPORT				
Details	2016 -17 Actuals	2017 -18 Budget	2017 -18 Actuals	Variance
	R'000	R'000	R'000	R'000
Total Operating Revenue	86 880 301	67 446 841	67 362 741	104 100
Employee Related Costs	4 832 483	6 348 753	1 940 791	4 407 962
Repairs and Maintenance	13 099 775	8 952 150	4 631 157	4 320 993
Other Expenditure	65 024 391	57 033 472	10 169 852	41 863 620
Total Operating Expenditure	82 956 649	67 340 741	72 812 331	45 120 985
Net Operating Profit/ (Loss)	3 923 652	106 100	-5 449 590	-45 016 885

Table 3.15 Roads and Stormwater Objectives

ROADS AND STORMWATER OBJECTIVES AS PER IDP: 2017/18 FINANCIAL YEAR						
Strategic Objectives	Key Performance Indicators	2016/17		2017/18		
		Target	Actual	Original Target	Adjusted Target	Actual Performance
Accelerated delivery and maintenance of quality basic and essential services to all Communities	Percentage completion of Roads and Storm-water Master Plan	0%	0%	100%	10%	10%
The funding which was approved by council to develop the master plans, during the beginning of the financial year was retracted during the budget adjustment						

COMMENTS ON THE PERFORMANCE OF ROADS AND STORMWATER

The Roads & Storm-water unit continues to strive for responding to complaints within 48 hours. Considerable improvements have been noticed with the teams and impact on the ground.

The Unit Roads & Storm-water is divided into four Main focal activities:

- Tar Patching & Resealing of Roads (Surface maintenance)
- Regravelling & Blading of roads (Rural roads)
- Stormwater Maintenance
- Technical Section (Road Sign and Markings)

3.9 PUBLIC TRANSPORT SYSTEM

The Rustenburg Municipality is implementing an integrated public transport network that follows recommendations of the national Department of Transport’s Public Transport Strategy and Action Plan, approved by Cabinet in 2007,

These Policies give selected cities in South Africa the mandate to establish an Integrated Public Transport Network (IPTNs). 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 IPTNs are funded through dedicated Public Transport Network Grant (PTNG). For the RLM, the objective of the PTNG is for the incremental development, implementation and operations of an IPTN.

While the primary aim of the grant is to catalyse the provision of a municipal wide transport system, the grant should also aim to transform the spatial development of the Municipality, strive to make an impact in the local economy, through the provision of employment opportunities, involvement of small, micro and medium enterprises (SMMEs) or any other spin-off it may create.

The development and implementation of the BRT operational planning as a solution to providing mass transit is in line with National Policy by the Department of Transport and the Integrated Transport Plan (ITP) for the Rustenburg Local Municipality.

The operational planning process includes a range of activities required to achieve a technically viable system and provides data, systems and analysis upon which to base subsequent stages of planning and design. As such, the operational plan sits within an overall process aimed at the final implementation and operation of the system.

The key elements of the overall planning process include Operational Plan; Infrastructure Plan, Industry Transition and Integration Plan, Fare System Plan, Communications and Marketing Plan, business Plan, and Implementation Plan.

Overall Vision of Public Transport in Rustenburg

The Rustenburg Municipality aims to achieve the following:

- A fully integrated public transport network, including fare integration and closed transfers where possible and bus stops;
- Universally accessible low-entry buses to maximize safety and minimise carbon emissions.
- 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 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 2017/18 Financial Year

Table 3.16 Roads and Transport Capital Expenditure

Capital expenditure 2016/17 Financial Year			
ROADS TRANSPORT			
Details	2017 -18 Budget	2017 -18 Actuals	Variance
	R'000	R'000	R'000
Capital project			
Rustenburg Rapid transport – Public Transport Network Grant (PTNG)	244 889	246 815	1 926
Infrastructure			
Total Capital Expenditure	244 889	246 815	1 926

Table 3.17 Roads and Transport Objectives

RUSTENBURG ROADS AND TRANSPORT OBJECTIVES AS PER IDP: 2017/2018 FINANCIAL YEAR							
Strategic Objectives	Key Performance Indicators	2016/17		2017/18			Comments
		Target	Actual	Original Target	Adjusted Target	Actual Performance	
Improved public transport infrastructure	Improve Public Transport			100%	96%	86%	
	Improve roads & stormwater service delivery						

Table 3.18 Improved Public Transport Infrastructure

Strategic Objectives	Key Performance Indicators	2016/17		2017/18			Comments
		Target	Actual	Original Target	Adjusted Target	Actual Performance	

Table 3.19 PTNG Funds

FINANCIAL ACCOUNTING FOR PTNG FUNDS RECEIVED AND EXPENDED			
NO.1	Details	2016 -17	2017 -18
1	PTNG FUNDS - APPROVED ROLLOVER	R60 300	0
2	PTNG FUNDS - APPROVED ALLOCATION	R	R 314 000
3	ADDITIONAL FUNDS	0	0
4	TOTAL FUNDS RECEIVED	R 345 300	R 314 000
5	TOTAL PTNG FUNDS SPENT TO DATE	R 345 300	R 314 000
6	PERCENTAGE FUNDS SPENT	100%	100%

COMMENT ON THE PERFORMANCE OF RRT

The RLM remains committed to the transformation of our public transport infrastructure through the implementation of the integrated public transport system, Yarona. We have to date developed majority of the Infrastructure on our 2 Corridors of Tlhabane and Kanana.

Over the 2017/18 financial year, the RLM started with upgrading of road infrastructure in the Central Business District which is an important link of bus system and a major rejuvenation of the City.

The implementation of this Flagship project Yarona, is part of the national strategic initiatives aimed at driving economic development by creating jobs, growing local economies, linking people with opportunities and improving the structure and planning of our cities.

Part of the project has upgraded other services including electrical and water lines which are important for future development of our CBD. Over 40 local SMMEs have been part of the construction implementation and over 170 jobs were created through infrastructure implementation on the project in last financial year. Existing operators from the taxi and bus industry form a major stakeholder and are continuously being engaged by the Municipality for their participation within the RRT system.

3.10 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 R600 000.00 was needed for the finalisation of the Marikana satellite Registering Authority.
- Learners License Class at Robega Testing Station was operational after the linking of infrastructure numbers to Rustenburg Registering Authority was done by service provider.
- Robega Licensing Authority is operating with one (1) temporary and three (3) permanent workers under supervision of Acting Supervisors who rotate on quarterly basis.
- Resignation of two (2) clerical assistants and one (1) supervisor affects the performance of personnel in the Licensing and Testing Unit.
- Two (2) vacant positions for the generalist workers needs to be filled for Rustenburg Licensing and Testing Unit.

The following presents statistics of operations at the Rustenburg Registering Authority, which includes:

No	Details	Actual Performance		Revenue Generated	
		2016/17	2017/18	2016/17	2017/18
1	Number of vehicle licenses issued	118299	96382	R90 626 347.50	R71 938 285.50
2	Number of vehicles tested	33377	20870	R7 184 716.80	R5 695 011.54
3.	No of License Penalties	43962	33377	R3 384258.00	R4 001 607.00
4.	Number of vehicles registered	1888	1131	R127 848.00	R72 255.00
5.	Number of registration penalties	1324		R701 310.00	
6.	Number of Driving License Renewals	21316	25318	R5 143 962.00	R3 188 370.00
7.	Number of Driving License tests	6296	5655	R1 553 622.00	R1 360 140.00
8.	Number of learners tested	6470	5515	R1 548 516.00	R694 890.00
9.	Number of PrDPs issued	6182	6422	R419 328.00	R809 172.00
10.	Number of Permits issued	1111	906	R1 018 176.00	R836 352.00

No	Details	Actual Performance		Revenue Generated	
		2016/17	2017/18	2016/17	2017/18
11.	Number of MV License Arrears	25172	16010	R4 385 175 .83	R3 683 142.74
12.	Number of duplicate deregistration cert	1557	1113	R341 214.00	R241 404.00
13.	Number of vehicles scrapped	1657	1454	R34 408.17	R57 343-00
14.	No of Traffic Register (form used by Foreigners to buy vehicles)	852	450	R0.00	R0.00
15.	Number of learner's license test issued	2236	2130	R281,736.00	R268 380.00
16.	Duplicate of Learners License	282	200	R34,650.00	R24,192.00
17.	Temporary Driving License	15084	15981	R992 460.00	R1 084,608.00
18.	Application for Roadworthy	811	786	R189 504.00	R169 296.00
19.	Vehicles brought for Weighbridge	83	0	R8 300.00	R0.00
20.	Confirmation of Driving License	25	57	R1 575.00	R3591.00
21.	Transaction Fees –RTMC	73193	75262	R4 375 190.00	R5 575 200.00
22.	Other License Fees	135	175	R13 640.00	R17 640.00
TOTAL REVENUE					

Table 3.22 Licensing and Testing Objectives as per IDP

LICENSING AND TESTING OBJECTIVES AS PER IDP: 2016/17 FINANCIAL YEAR						
Strategic Objectives	Key Performance Indicators	2016/17		2017/2018		
		Target	Actual	Original Target	Adjusted Target	Actual Performance
Basic Service Delivery and Infrastructure Development	Number of schools enrolled for learner's license project.	30	30	34		58

COMPONENT D : LOCAL ECONOMIC DEVELOPMENT

3.11 LOCAL ECONOMIC DEVELOPMENT

INTRODUCTION TO ECONOMIC DEVELOPMENT

Platinum Group Metals mining forms the backbone of the economic activities and output of Rustenburg Local Municipality. This creates opportunities as well as threats for the long-term sustainability of the area. Over-reliance on mining creates much-needed revenues but also complacency that may negatively impact the future economic prospects of the city. It is on these grounds that the municipality has envisaged “A Rustenburg beyond mining” with a primary objective to “drive diversified economic development and job creation”. To succeed in the effort at diversification; economic sectors like Tourism, Agriculture, Manufacturing, Green Economy; and Education and Skills Development have been identified and targeted for growth.

Catalytic Projects Programme

The Municipality has been able to attract potential investment and development to the Municipality’s identified opportunities. In this case, The Directorate has been able to coordinate the implementation of the catalytic projects where 7 catalytic projects were issued for expressions of interest including the promotional article done during the second quarter of the fiscal year that promoted the Municipality’s catalytic projects as contained in the integrated masterplan.

The promotion article and the expressions of interest together covered RLM investment and development opportunities including the following:

- Precinct Developments in Tlhabane, Boitekong, Lethabong, Monnakato and Phatsima
- Rustenburg Education Hub
- Fresh Produce Market
- New CBD Development
- Industrial Developing including the Logistics Hub and Green Economy Development
- Rustenburg Airport Development

Through the Council approved Catalytic Projects Fast Tracking Committee, the Municipality has been able to process and approve potential investments in Monnakato and the Fresh Produce Market. Other potential developments include approved Belleview Extension 10 development and the

Rustenburg Extension 30 Retail Development. In addition, the Municipality has been able to facilitate the resumption of the Tlhabane Mall precincts development.

In terms of core local economic development function, there are three (3) Units within the directorate that are tasked with implementation of the local economic development strategy focusing on enterprise development; policy and research; and rural development.

Unit: Enterprise Development

The Unit is responsible for the development and support of enterprises operating with the Rustenburg Local Municipality. The unit focuses on Business Development Support, Informal Trading Support, Co-operative Development and Job Creation.

The unit has provided the following services:

Facilitation of employment opportunities for local residents: Number of job opportunities were created through various Municipal programmes and these included 82 general workers appointed through the Community Development programme of cleaning Municipal facilities, sidewalks, grass cutting and pruning of trees, 579 employed through the Municipality capital projects across Municipal wards, and 18 additional informal traders who have been allocated additional demarcated trading spots at the Bus and Taxi Rank.

Under Business Development Support, about 86 local SMMEs have been assisted with market development and linkages for sub-contracting through the Municipal and Private Sector capital projects. The newly established panel for local contractors with CIDB levels 1 to 4 have also benefited local contractors with 4 having been appointed for the renovation and maintenance of some of the Municipal libraries. In addition, a panel for marketing and events has also been established to assist with access to Municipal supply chain opportunities by local companies. The unit is continuously engaging with private development investors to sub-contract and develop SMMEs and co-operatives in the construction sector.

Local enterprises have also been with other business support services including compliance registration, business advisory, capacity building and networking platforms. A total of 916 SMMEs and co-operatives were provided with development support interventions including 69 Co-operatives participating in training and information workshops facilitated by the Municipality in collaboration with SARS, SEDA and CIPC, and of which 41 attended tender documentation workshop by the

Municipality, 233 SMMEs and Co-operatives attended the “Youth for Rustenburg” (#Y4R) Enterprise Development Day that provided local SMMEs with a platform to engage with different stakeholders and also to access information from the exhibition stands, and 188 SMMEs attended a SMME municipal opportunities and tendering process workshop. The Unit has initiated communication with different stakeholder within the enterprise development sector to provide support and development for the SMMEs, Co-operatives and Informal Traders.

Unit: Rural Development

The Rural Development is responsible for the coordination of specialized economic development support in rural communities of the Municipality. The unit comprises Agricultural Development, and Arts and Culture. The focus areas have been supported by the following projects:

Following the Municipality’s initiatives that included the livestock farmers support through the feedlot project to support and develop livestock farmers into established business entities; the development of the farmers support programme to provide operational support to mainly crop farmers within the Municipality, the Directorate has developed an Agricultural Development Support Programme that has been approved by Council in the later part of the financial year. The programme is aimed at consolidating all the support available through the Municipality’s own resources including those by other Government Departments and Private Sector stakeholders in agriculture and or supporting agricultural initiatives in Rustenburg.

Under Tourism, the unit has identified numerous activities supporting the Municipality’s vision of developing Tourism as one of the key sectors to diversify the local economy. The Directorates continues to participate in the annual Tourism Indaba and related expos in ensuring that Rustenburg is represented in the industry related activities that are targeted for developing and promoting tourism in Rustenburg.

The development of tourism products has also received priority where the development of the Rustenburg Flea Market has been approved, including the resolution by Council for the Municipality to attract private sector investment in to the revitalization of the Rustenburg Showgrounds with both developments expected to increase tourism activities in the City.

Unit: Policy and Research

The unit is responsible for the development of concepts, plans and strategies, which impact the local economy and the municipality in general. The unit develops bylaws, policies and supports other units in the analysis, and implementation of national and provincial legislation. Projects include:

The Business Act: Implementation of the Authority to license businesses operating in the area of Rustenburg according to North West Provincial Gazette no. 6581 of 2009.

The Rustenburg Business Regulation Committee has been established by the Accounting Officer in February 2018 and will perform functions of issuing business licenses to formal, informal businesses. The Committee will also perform the Outdoor Advertising approvals

The Green Economy development programme for local SMMEs:

This programme aims to develop sustainable and competitive enterprises that use waste products as inputs into manufacturing new consumer products. Council approved the concept in May 2018. An information brochure is being developed to attract interested registered enterprises to participate in the programme. The role of the Directorate will be to stimulate government and private stakeholders to support emerging Green Economy entrepreneurs in Rustenburg. The programme requires collaboration with the Directorate: Community Development to ensure that entrepreneurs access municipal and other industry/corporates waste products.

Draft Investment Incentives Policy:

At public participation/comments stage

Draft Outdoor Advertising Bylaw:

The existing bylaw is being reviewed to accommodate developments in the outdoor advertising space. It is in the process of evaluation by the Unit: Legal to ensure that it meets the standards set by government. Other work on the management of the outdoor advertising function, like the appointment of the service provider to audit existing billboards is being done as there is no capacity within the Directorate.

Knowledge Management:

An experienced and qualified statistician has been employed in the Unit to enable the Directorate and municipality to acquire, analyse credible data from statistical sources and prepare quality reports on the performance of each economic sector in the municipality. This function will enable the Directorate to formulate relevant strategies and responses to prevailing economic trends.

This is made possible through the analysis of and implementation of economic policy and planning for the benefit of all people in jurisdiction of Rustenburg Local Municipality.

The secondary objectives of the directorate are as follows:

Develop vibrant and diversified world class local economy through high-value adding economic sectors

Support Broad Based Black Economic Empowerment through the development of sustainable small medium and micro enterprises

Create a conducive local business environment that supports rural economic development

Establish and maintain effective stakeholder relations and public private partnerships with local industries in support of local economic development programmes

LED STRATEGY IMPLEMENTATION

Table 3.25 Priority Sectors

SECTOR	PROJECT
Manufacturing	SPECIAL ECONOMIC ZONE (SEZ) or what is referred to the Logistics Hub that will include other industrial activities like the manufacturing and green economy park
Tourism	RUSTENBURG GATEWAY PRECINCT (Convention Centre & Hotel, Rustenburg Flea Market and Revitalization of the Showgrounds)
	The Masterplan has also identified the Platinum Theme Park
Education	Educational Hub (University of Technology and Centre of Excellence)
Agriculture	The development of the Rustenburg Fresh Produce Market
	Agricultural Development Support Programme aimed at supporting various agricultural projects across Rustenburg to promote the development of the agriculture sector
Green Economy	Green Economy Development to support development of SMMES and create alternative industry to support local economic development
Catalytic Projects	Attract investment into the Municipality's priority projects including the approved Precinct for Phatsima, Monnakato, Boitekong, Tlhabane and Lethabong. Promote and attract investment in to the CBD regeneration programme along the RRT route, New CBD development and the Rustenburg Aerodrome.

Number of Jobs created

Table 3.27 Jobs Created

NUMBER OF JOBS CREATED THROUGH LED INITIATIVES INCLUDING INFRASTRUCTURE PROJECTS FOR 2017/18			
Year	No. of Jobs created	No. of Jobs lost/displaced by other initiatives	Net total jobs created in year
2017/18	673	4 (Municipality restructuring)	673

Table 3.28 Financial Performance 2017/18 Financial Year

LOCAL ECONOMIC DEVELOPMENT				
Details	2016 -17 Actuals	2017 -18 Budget	2017 -18 Actuals	Variance
	R'000	R'000	R'000	R'000
Total Operating Revenue	280 164	360 467	115 605	244 862
Employee Related Costs	8 160 556	10 274 599	8 953 045	1 321 554
Repairs and Maintenance	N/A	N/A	N/A	N/A
Other Expenditure	N/A	N/A	N/A	N/A
Total Operating Expenditure	305 360	2 414 163	2 360 680	54 483
Net Operating Profit/ (Loss)	(8 185 752)	(12 328 295)	(11 198 120)	(1 131 175)

Table 3.29: Local Economic Development Objectives as per IDP

LOCAL ECONOMIC DEVELOPMENT OBJECTIVES AS PER IDP: 2017/18 FINANCIAL YEAR						
Strategic Objectives	Key Performance Indicators	2016/17		2017/18		
		Target	Actual	Original Target	Revised Target	Actual Performance
Drive diversified economic growth and job creation;	Number of jobs created through local economic development initiatives including capital projects by June 2018	1000	1229	500	500	613
Transform and maintain a vibrant and sustainable rural development	Number of SMMEs and cooperative assisted with technical and financial support by June 2018	N/A	N/A	200	200	610
Uphold good governance and public participation principles	Number of Investment Policies developed and approved by Council by 30th June 2018	N/A	N/A	2	1	Draft Investment incentive policy developed
Drive diversified economic growth and job creation;	Number of expression of interests advertised for the plan projects (catalytic) by June 2018	N/A	N/A	4	7	7 Expressions of Interest were issued for the 5 Precinct Development, Education Hub and Fresh Produce Market
Uphold good governance and public	Number of legal outdoor advertising sites generating	N/A	N/A	50	27	Draft outdoor advertising by-laws developed to improve the

LOCAL ECONOMIC DEVELOPMENT OBJECTIVES AS PER IDP: 2017/18 FINANCIAL YEAR						
Strategic Objectives	Key Performance Indicators	2016/17		2017/18		
		Target	Actual	Original Target	Revised Target	Actual Performance
participation principles	consistent and sustainable income for the municipality annually by June 2018					management of outdoor advertising applications and to effectively manage the illegal outdoor advertising.
Transform and maintain a vibrant and sustainable rural development	Number of pig production units completed by 31st March 2018			Withdrawn	Withdrawn	Agricultural Support Programme developed and approved by Council for implementation in the 2018/19 fiscal year.
Transform and maintain a vibrant and sustainable rural development	Number of urban-agriculture projects completed by 30th June 2018			Withdrawn	Withdrawn	

COMMENTS ON THE PERFORMANCE OF LOCAL ECONOMIC DEVELOPMENT

Municipality is in the process of reviewing the Municipality Engagement with Mines and other Stakeholders (MASECO) framework focusing on Enterprise Development, Procurement, Employment, and Education & Skills Development Digitisation of systems such as:

- An integrated portal for SMMEs, Cooperatives and Contractors linked to all stakeholders;
- An integrated unemployed persons database
- Adopt the Contractor Development Programme by all stakeholders
- Collaborative approach on enterprise development between all stakeholders
- Procurement spent from locally based companies

Locally manufactured capital goods

Percentage of services target procured from local companies

Though access to mining procurement opportunities remain a challenge, the above reviewed focus aimed at addressing capacity constraints and lack of operating infrastructure for SMMEs.

A sectoral analysis was conducted, informed by the Rustenburg Regional Masterplan 2040 Game Changer Projects and prepared for prospective investors.

Directorate LED launched a campaign to remove illegal structures on road reserves and on land belonging to the Rustenburg Local Municipality as the first phase of the campaign. The campaign started on 14 July 2017 and since then 103 illegal structures as well as 5 illegal mobile advertising trailers have been removed. The campaign focused on the following wards 16,17, 45 & 46 (Cashan area: Cuckoo Avenue, Helen Joseph, Greater waterfall Mall area: Howick & Augrabis Avenue, some parts of Waterfall East and a tiny part of Rustenburg East).

Mines within RLM

No.	Name of Company
1.	Anglo Platinum
2.	Aquarius
3.	Bakubung Platinum Mine
4.	Elands Platinum
5.	Finestone SA
6.	Glencore
7.	Ilitha Cromex: Phokeng
8.	Impala Platinum Mine
9.	International Ferro Metals: (Ifmsa)
10.	Kelgran Granite
11.	Lanxess Mine
12.	Lonmin Mine
13.	Marlin Granite
14.	Maseve Mining
15.	Nuco Chrome
16.	Royal Bafokeng Platinum Mine (Rasimone)
17.	Samancor Chrome
18.	Sibanye Stillwater/Gold
19.	Shiva Uranium
20.	Silver Falcon Granite
21.	Tharisa Minerals
22.	Verstic Mine
23.	Waterval Smelter
24.	Wesizwe Bushveld Joint Venture Mine (WBJV)

COMPONENT E: HEALTH

3.16 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 2016/17 financial year:

Table 3.33 Number of Services Provided

No	Service Provided	No: of Cases/Programmes
1	Occupational Health Services (Medical surveillance, and health assessments)	Medical surveillance: 345 cases Occupational Health Services: 91 cases
2	Employee Wellness Management Program Number of employees who attended Wellness Information Sharing Sessions and Wellness Days)	Employee Assistance Interventions: 25 cases Wellness Educational Programmes: 1 900 cases.
3	Education programmes	EAP and OHS : 1208 employees

COMPONENT F: SAFETY AND SECURITY

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

3.17 LAW ENFORCEMENT, TRAFFIC, SECURITY, FIRE, DISASTER AND MUNICIPAL COURT

One of the main pillars for the realization of the municipality's vision of "A world class city" is the creation of a 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 brings together expertise and resources for fighting and combating crime. 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.

Table 3.34 Law enforcement and traffic statistical data

No	Details	2016/17	16/17	17/18	2017-18
		Actual	Target	Actual	Target
1	Number of traffic accidents for the year (minor)	4399		4062	
2	Number of fatalities for the year	14		20	
3	Number of by-law infringements attended for the year	5000	10 000	5 000	10 000
4	Number of traffic fines issued during the year	18 926		20 094	
5	Number of traffic officers on duty on an average day	8	30	8	30
6	Number of law enforcement officers on duty on an average day	8	30	8	30
7.	Number of multidisciplinary operations	84	40	107	88
8.	Number of schools enrolled for Learners License Class	30	30	58	34

Table 3.35 Financial Performance 2017/18 Financial Year

LAW ENFORCEMENT AND SECURITY SERVICES				
Details	2016-2017 Actuals	2017/2018 Budget	2017/2018 Actuals	Variance
Total Operating Revenue	407 929.00	419 323.00	38 284.21	381 038.79
Employee Related Costs	22 301 220.00	24 585 642.00	23 028 844.58	1 556 797.42
Repairs and Maintenance	11 710.00	-	-	-
Other Expenditure	280 726.00	749 840.00	388 592.57	361 247.43
Total Operating Expenditure	22 593 656.00	25 335 482.00	23 417 437.15	1 918 044.85
Net Operating Profit/ (Loss)	- 22 185 727.00	- 24 916 159.00	- 23 379 152.94	- 1 537 006.06

Table :3.36 Financial Performance 2017/18 Financial Year

TRAFFIC SERVICES				
Details	2016-2017 Actuals	2017/2018 Budget	2017/2018 Actuals	Variance
Total Operating Revenue	4 309 217.00	1 681 485.00	3 346 591.00	- 1 665 106.00
Employee Related Costs	39 219 560.00	44 284 501.00	43 486 400.00	798 101.00
Repairs and Maintenance	88 146.00	157 028.00	46 355.52	110 672.48
Other Expenditure	14 335 990.00	35 061 173.00	21 865 846.49	13 195 326.51
Total Operating Expenditure	53 643 696.00	79 502 702.00	65 398 602.01	14 104 099.99
Net Operating Profit/ (Loss)	- 49 334 479.00	- 77 821 217.00	- 62 052 011.01	- 15 769 205.99

3.18 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.

Table 3.37 Objectives of Firefighting Services

Performed the following activities during the Community Fire Safety Awareness Campaigns that were undertaken during the period under review (2017/2018):

- 201 x Fire By-Law Enforcement Conducted
- 213 x General Fire Safety Inspections
- 145 x Transport Permit Issued
- 159 x Flammable Liquid Registration
- 151x Fire Plans attended

- 14 x Occupation Certificate Issue

3.19 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).

Objectives of the Disaster Management Services

Disaster Management Act provides a platform from which all spheres of government and communities can work together to prevent or reduce the risks of disasters including steps which are aimed at–

Preventing or reducing the risk of disasters;

Taking measures to reduce the impact or consequences of a disaster;

Emergency preparedness;

Rapid and effective responses to disasters; and

Post-disaster recovery and rehabilitation.

Table 3.38 Disaster Management Services Data

No	Details	2017-18	
		Target	Actual
1	Total number of fires attended to during the year	None	302
2	Total number of fatalities	None	27
3	Total number of other incidents attended to during the year	None	12
4	Total number of special services attended to during the year	All	23
5	Average response time – urban areas	5min	10-15 min

6	Average response time – rural areas	10min	15-25 min
7	Total number of fire fighters employed	8	None
8	Total number of firefighting equipment/appliances	1	None
9	Average number of broken equipment	None	10

Performed the following activities during Disaster Management Services activities undertaken during the period under review (2017/2018):

- 4 x Risk assessments and Rapid incidents assessment
- 5 x Education and Awareness Campaigns
- 4 x Exhibitions
- 1 x Workshops
- 16 x Attending to Advisory Forums and Ad- Hoc Committee meetings

The following are five main service delivery key performance areas for disaster management

Table 3.39 Service Delivery Key Performance Areas

No	Key Performance Area	Details	Progress Made
1.	Integrated Institutional Capacity for Disaster Risk Management	Arrangements required for stakeholder participation and engagement of technical advice in disaster management planning and operations were adhered to.	Adhoc section 7(2) (e) of Disaster Management Framework of 2005) Response Task Team and Risk Assessment Technical Advisory Team were established (Sub Advisory Team, Mine, Education, Faith Organizations, SASSA and Department of Health were established.
		The following Disaster Risk Management Plans were sent to public participation for review in 2015/2016 financial year: Disaster Management Plan, Emergency Plan and Relief Policy	The Disaster Risk Management Plans were approved by Council.

No	Key Performance Area	Details	Progress Made
2.	Disaster Risk Assessment and Enabler 1	Community and schools risk assessment were conducted to the schools and communities that were deemed to be at high risk. Dept of Education, Dept of Health, Dept of Public Works, Eskom, Fire Safety, Social Development and OEM – Special Projects were part of the Risk Assessment Technical Advisory Team.	Community Based Risk Assessment was conducted at Ikageng Village and identified Rustenburg Special Schools Risk Assessment.
3.	Disaster risk Reduction, Enabler 1 and 2	Disaster risk reduction measures were implemented during the period under review. Public education and awareness sessions were conducted in various places of the Rustenburg municipal jurisdiction. All relevant stakeholders such as: SAPS, Fire Department, Work on Fire Community Development, Community Policing Forum, NGO's, Ward Committee members and community members attended the sessions.	Four (4) Awareness Campaigns were conducted.
4.	Response and Recover & Enabler 1	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	Communities who were affected by the Disasters e.g. Fire, storms and floods were assisted and referred to the relevant stakeholders for further assistance. E.g. Home Affairs, SASSA and Traffic and Licensing.
5.	Safety at Sports and Recreational Events	Disaster Management Services monitor and measure performance and evaluate disaster management plans for prevention, mitigation and response activities at the events according to Section 47 (1) & (2) and 48 of Disaster Management Act (Act 57 of 2002).	The following types of events are catered for sports, music, festivals, political rallies etc.

Table 3.40 Financial Performance 2017/18 Financial Year- Emergency and Disaster

EMERGENCY AND DISASTER MANAGEMENT				
Details	2016-2017 Actuals	2017/2018 Budget	2017/2018 Actuals	Variance
Total Operating Revenue	719 094.00	547 564.00	550 023.00	- 2 459.00
Employee Related Costs	24 684 205.00	29 132 581.00	28 504 622.93	627 958.07
Repairs and Maintenance	101 387.00	122 015.00	-	122 015.00
Other Expenditure	5 852 817.00	4 000 861.00	1 808 494.08	2 192 366.92
Total Operating Expenditure	30 638 409.00	33 255 457.00	30 313 117.01	2 942 339.99
Net Operating Profit/ (Loss)	- 29 919 315.00	- 32 707 893.00	-29 763 094.01	-2 944 798.99

COMMENTS ON PERFORMANCE OF LAW ENFORCEMENT, TRAFFIC & SECURITY SERVICES, FIRE & DISASTER MANAGEMENT

Table 3.41 Performance

OPERATION	ACHIEVEMENTS
Community safety awareness campaigns	Community Safety Forum was established in 2011 and is fully functional
Stop and register	Over 12 000 prosecutions for both traffic and law enforcement contraventions have been made
Fire Fighting Services	Decentralization of the firefighting service where fire stations were established at Marikana and Phatsima
By-laws, campaigns and projects	Crime Prevention through Environmental Design / Safe and Clean City campaign: Multi-disciplinary Operations Execution of illegal trading in the CBD and Taxi Rank on daily basis: Enforcement of Impoundment By-Law

OPERATION	ACHIEVEMENTS
	<p>Execution on non-compliance on Fire by-laws</p> <p>Regulation of point duties on R510 and R24 road on daily basis</p> <p>Issuing of parking offences in the CBD</p> <p>Removal of illegal advertisement on municipal land.</p> <p>Rendering of security and escorts during mayoral outreach visits and VIP'S, International, National and Local events</p> <p>Enforcement of illegal connection of water and electricity.</p> <p>Enforcement of illegal dumping by-law</p> <p>Mine Crime Combating Forum (MCCF)</p> <p>Municipal Intervention Scheme and Patrols (MISAP) and Community Safety Patrollers Programme</p> <p>Enforcement of Public Gathering's Act</p> <p>Inspectors of Licenses at motor vehicle dealerships</p> <p>Conflict Resolution Committee</p> <p>Land use by-law enforcement</p> <p>Establishment of Community Policing Forum</p> <p>Joint Crime Prevention/ Multi-disciplinary operations</p> <p>Serving in various Joint operating Coordinating Committee, Cluster Joint operating Coordinating Committee and Priority Committees for Special events.</p>

COMPONENT G: COMMUNITY FACILITIES

INTRODUCTION

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

3.20 SPORTS AND RECREATION

There are five (5) public swimming pools that are maintained and managed by the municipality. These are Marais street swimming pool, Middle street swimming pool, Zinniaville swimming pool, Karlienpark swimming pool and Monakato swimming pool. The total number of patrons that utilized our municipal swimming pools during the Operational Season, which is September 2017 and April 2018 is 8597. The Maria s Street swimming pool or else referred to as the Town Pool hosted a total of five (05) swimming gala's hosted by local swimming clubs between the period September 2017 and March 2018.

The municipality has also as its assets, developed sports facilities namely: Olympia park stadium, Zinniaville sports facility, Monakato sports facility, East End sports facility, Old sports ground, Impala rugby club, Impala bowling club, Impala cricket club, Impala netball club and Proteapark tennis club.

In addition, the municipality is also attending to more than 70 rudimentary sports grounds that are maintained through a quarterly grading programme. Some of these facilities are not municipal property but in efforts to ensure that all communities are serviced by the municipality, they are part of the maintenance programme through grading. Municipal sports facilities are in general experiencing the following challenges:

- Theft and vandalism
- Lack of physical security
- Lack of capital budget to replace outdated/dilapidated equipment and facilities
- Insufficient operational budget to execute planned annual maintenance and repairs on buildings and facilities
- Unavailability of operational vehicles
- No budget for grading of rudimentary sports grounds
- Unavailability of automated system for monitoring patron entry at municipal pools
- The following facilities have also been severely vandalized: Rankelenyane sports ground, Mathopestad sports ground, Paardekraal X1 sports ground and Robega sports ground, Tennis, hockey and ringball club houses, Tlhabane sports ground ablution facility, Paul Bodenstein Park, Tlhabane Park and Kloofspruit Park ablution facilities, Rietvlei cemetery ablution facilities. These facilities cost millions of rands for construction and upgrading but there is less to show of it.

Table 3.42 SPORTS AND RECREATION OBJECTIVES FROM THE 2017/18 IDP

Strategic Objectives	Key Performance Objectives	2016/17		2017/18		
		Target	Actual	Original Target	Adjusted Target	Actual Performance
Accelerated delivery and maintenance of quality basic and essential services to all Communities	None / No capital Budget linked to the IDP	-	-	-	-	-

3.21 CIVIC CENTRE AND COMMUNITY HALLS

The unit is responsible for the community halls as well as the Civic Centre.

Table 3.43 Areas where halls are located

No.	Location / Area	Ward
1	Tlhabane	9
2	Monakato	25
3	Phatsima;	1
4	Marikana;	31
5	SunrisePark;	22
6	B Tause (Lethabong);	27
7	Rustenburg Old town hall;	42
8	Meriting;	12
9	Ben Marais;	18
10	Zinniaville;	43
11	WA van Zyl;	16
12	Makolokwe (handed over by District Municipality)	29
13	Paardekraal Extension 23;	40
14	Banquet Hall;	15
15	City Hall;	15
16	Atrium;	15
17	Boitekong;	21
18	Auditorium.	15
19	Robega (handed over by District Municipality)	2
20	Molote City (handed over by District Municipality)	36
21	Mamerotse (handed over by District Municipality)	28

In the year under review an increased usage for Community Facilities was experienced for activities such as community meetings, funerals and weddings.

The Civic Centre was in this financial year under review mainly used for government activities such as Marikana Commission, Premier's Office meetings as well as some National Department meetings. The Centre has also been used for weddings and arts and culture competitions.

CHALLENGES

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

- The inability to effectively market and maintain the available facilities to required standards, so that they can be utilized optimally
- Inadequate security personnel at our facilities has resulted in acute vandalism.

Table 3.44 COMMUNITY FACILITIES OBJECTIVES AS PER IDP: 2017/18 FINANCIAL YEAR

Strategic Objectives	Key Performance Indicators	2016/17		2017/18		
		Target	Actual	Original Target	Adjusted Target	Actual Performance
Accelerated delivery and maintenance of quality basic and essential services to all Communities		-	-	-	-	-

3.22 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, 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.

Table 3.45 Council Meetings

DETAIL	2017/18	
	Ordinary Meetings	Special Meetings
Council	10	10

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:

Table 3.46 Council Committees

Section 79 Committees	Section 80 Committees
Municipal Planning Tribunal;	Budget and Treasury Office;
Local Labour Forum;	Community Development;
Municipal Performance Audit Committee;	Corporate Support Services;
Municipal Public Accounts Committee;	Planning and Human Settlements
Risk Management Committee;	IDP/PMS, Legal and Valuations;
Rules of Order Committee; and	Intergovernmental Relations and Traditional Affairs;
IDP/Budget Steering Committee	Local Economic Development;
	Roads and Transport;
	Public Safety;
	Technical and Infrastructure Services

3.23 STRATEGIC PLANNING AND REGULATORY

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 assesses both 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 strategies that describe the approach the municipality is to follow to create and operate monitoring and evaluation systems which will produce credible, accurate information on an on-going basis that gets used to improve service delivery and governance.

INTRODUCTION TO STRATEGIC PLANNING AND REGULATORY

INTEGRATED DEVELOPMENT PLANNING (IDP)

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 6 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 Performance Management System Policy

to cascade performance management to all levels in the municipality was approved by Council on the 29 May 2018 per item 133.

3.24 INTERNAL AUDIT UNIT

The purpose of the Internal Audit Activity (IAA) is to provide an independent, objective assurance and consulting services designed to add value and improve the municipality's operations. The IAA 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 (PAC), as well as internal audit reviews of the results of performance measures of the municipality.

The unit also performs ad-hoc assignments from the Municipal Council, PAC and or Management. The internal audit activity of the municipality renders the following services:

Prepare a risk-based audit plan and an internal audit program for each financial year;

Advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to-

- internal auditing;
- internal controls;
- accounting procedures and practices;
- risk & risk management;
- performance management;
- loss control; and
- compliance with this Act, the Annual Division of Revenue Act and any other applicable legislation; and

The following services due to its nature are out-sourced

- Forensic and investigations
- Information System Auditing

The scope of work of the IAA is to determine whether the municipality's network of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure amongst others that:

Risks are appropriately identified and managed;

Significant financial, managerial and operating information is accurate, reliable and timely;

Resources are acquired economically, used efficiently, and adequately protected; and

Programs, plans and objectives are achieved.

Opportunities for improving management control, service delivery, and the municipality's image may be identified during audits and, communicated to the appropriate level of management.

Financial Performance 2017/2018 – Internal Audit

Details	2016 - 17 Actuals	2017 - 18 Budget	2017 -18 Actuals	Variance
	R'000	R'000	R'000	R'000
Total Operating Revenue	-	-	-	-
Employee Related Costs	4 376	4 848	4 961	-113
Repairs and Maintenance	-	-	-	-
Other Expenditure	77	147	89	58
Total Operating Expenditure	4 453	4 995	5 050	55
Net Operating Profit/ (Loss)	- 4 453	-4 995	-5 050	-55

3.25 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

Table 3.50 Core Functions of Human Resources Services

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.
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Employment Statistics:

A total number of 75 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 2018 was 0.8%.

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:

Annual leave total from 1/7/2017 – 30/06/2018: The leave register indicates that a total number of thirty-eight thousand and thirty one (38031.87) working days were taken by municipal employees.

Employees

Permanent employees - 36568.05 days

Temporary employees - 914.24 days

Section 57 + interns + RRT – 549.85 days

Support Services:

Employee wellness services and educational programmes, such as Employee Assistance Programme and Occupational Health and Safety, etc. were provided to a total number of two thousand and seventeen (2017) employees during the financial year.

The following support services were rendered to municipal employees:

Employee Assistance Interventions: 25 cases;

Occupational Health Services: 92 cases; and

Wellness Educational Programmes: 1 900 cases.

Table 3.51 Statistical Information

No	Detail	Total Number
		2017/18
1	Disciplinary cases: Handled	40
	Disciplinary cases: Finalized	33
	Disciplinary cases: Outstanding	7
2	Suspensions	15
3	Dismissals	10
4	Grievances: Handled	30
	Grievances: Finalized	20
	Grievances: Outstanding	10

Table 3.52 Number and Period of Suspensions

Name	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action Taken or Status of Case and Reasons if matter not finalized	Date Matter Settled
Mr Solly Kgampe	Corruption	18/10/2017	The employee was Suspended from work on the 18/10/2017 and the hearing scheduled for 28/03/2018-29/03/2018 and was postponed due to unavailability of Chairperson	Still pending

Name	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action Taken or Status of Case and Reasons if matter not finalized	Date Matter Settled
Mr Leso	Corruption	18/10/2017	The employee was Suspended from work on the 18/10/2017 and the hearing scheduled for 28/03/2018-29/03/2018 and was postponed due to unavailability of Chairperson	Still pending
Mr. Gabriel Chauke	Leaking of confidential interview results	04/12/2017	Suspended on the 04/12/2017, hearing scheduled to take place on the 10/07/2018, therefore Still pending	Still Pending
Mr. P Lekotloane	Sexual harassment		The employee was Suspended from work on the 20/09/2017. The hearing was scheduled 28/02/2018 but could not continue, the Presiding Officer wasn't available. Still awaiting a new date.	Still pending
Mr. Sydney Mmekwa	Failure to report to work & illegal work stoppage	30/10/2017	Hearing was scheduled to take place on the 14/05/2018, and postponed, therefore still pending.	Still Pending
Mr. Hendrick Kabeka	Failure to report to work & illegal work stoppage	30/10/2017	Hearing was scheduled to take place on the 14/05/2018, and postponed, therefore still pending.	Still Pending
Mr. L Maseko	Gross insubordination, gross dereliction of duties, illegal strike	08/12/2017	Employees were found guilty, dismissed on the 28/03/2018. The matter pending before Bargaining Council.	28/03/2018

Name	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action Taken or Status of Case and Reasons if matter not finalized	Date Matter Settled
Mrs. M Motlhabe	Gross insubordination, gross dereliction of duties, illegal strike	08/12/2017	Employees were found guilty, dismissed on the 28/03/2018. The matter pending before Bargaining Council.	28/03/2018
D Maseko	Gross insubordination, gross dereliction of duties, illegal strike	08/12/2017	Employees were found guilty, dismissed on the 28/03/2018. The matter pending before Bargaining Council.	28/03/2018
Mr. T Tshelane	Gross insubordination, gross dereliction of duties, illegal strike	08/12/2017	Employees were found guilty, dismissed on the 28/03/2018. The matter pending before Bargaining Council.	28/03/2018
Mr. N Mokodutlo	Gross insubordination, gross dereliction of duties, illegal strike	08/12/2017	Employees were found guilty, dismissed on the 28/03/2018. The matter pending before Bargaining Council.	28/03/2018
Mr. S Sere	Gross insubordination, gross dereliction of duties, illegal strike	08/12/2017	Employees were found guilty, dismissed on the 28/03/2018. The matter pending before Bargaining Council.	28/03/2018
Mr. Tshepo Ledikwa	Soliciting bribe	18/07/2017	The employee was suspended on the 18/07/2017, hearing concluded on the 20/11/2017 and the employee dismissed 19/01/2018. The employees lodged the appeal and it was dismissed 15/03/2018.	15/03/2018

Name	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action Taken or Status of Case and Reasons if matter not finalized	Date Matter Settled
Mr. Patrick Lebelo	Soliciting bribe	18/07/2017	The employee was suspended on the 18/07/2017, hearing concluded on the 20/11/2017 and the employee dismissed 19/01/2018. The employees lodged the appeal and it was dismissed 15/03/2018.	15/03/2018
P Motswasele	Gross insubordination	28/03/2018	The employee was suspended on the 28/03/2018. The hearing still pending.	Still pending

Table 3.53 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 Finalized
Moss Ngobeni	Theft by false pretences.	The employee is dismissed from the employment on the 07/12/2017 and Appeal still pending.	07/12/2017
Mr Solly Kgampe	Corruption	This matter is internally finalised and pending in Labour court for review. The file with Majang Attorneys who was instructed to do review.	Still pending
Mr Leso	Corruption	This matter is internally finalised and pending in Labour court for review. The file with Majang Attorneys who was instructed to do review.	Still pending

Position	Nature of Alleged Misconduct and Rand Value of any Loss to the Municipality	Disciplinary Action Taken	Date Finalized
Mr. Trevor Mothuloe	None compliance with supply chain management processes	Still Pending	Still Pending
Mr. Patrick Lebelo	Soliciting bribe	The employee was suspended on the 18/07/2017, hearing concluded on the 20/11/2017 and the employee dismissed 19/01/2018. The employees lodged the appeal and it was dismissed 15/03/2018.	15/03/2018
Mr. Tshupo Ledikwa	Soliciting bribe	The employee was suspended on the 18/07/2017, hearing concluded on the 20/11/2017 and the employee dismissed 19/01/2018. The employees lodged the appeal and it was dismissed 15/03/2018.	15/03/2018
Thabo Modisane	Contravention of clause 2(b) of schedule 2 to the MSA 32 of 2000	The employee resigned from the employment on the 31/12/2017	31/12/2017

3.54 Financial Performance 2017/18 Financial Year – Human Resources

Details	2016-17 Actuals	2017 -18 Budget	2017 -18 Actuals	Variance
	R'000	R'000	R'000	R'000
Total Operating Revenue	1, 406,834	382,198	1,214,678	832,480
Employee Related Costs	10,569,079	16,096,479	10,778,774	5,317,705
Repairs and Maintenance	84,361	88,216	88,216	0
Other Expenditure	5,620,210	3,359,751	2,400,418	959,333
Total Operating Expenditure	16,273,651	19,544,446	13,267,408	6,277,038
Net Operating Profit/ (Loss)	14,866,817	19,162,248	12,052,730	7,109,518

COMMENTS ON THE OVERALL PERFORMANCE OF HUMAN RESOURCES

For the previous financial year, the Council managed to appoint 75 new employees.

23 employees were promoted.

3.55 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 relevant legislation in order to reduce unnecessary litigation against the municipality. The following legal support service is provided throughout the municipality:

Litigation services;

Legal advisory services;

Labour Law services;

By-law services;

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.

Table 3.55 Legal Compliance

Compliance	<p>The Council has 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. The PAIA Manual is about to be promulgated in the Government Gazette ;</p> <p>The Rules of Order by-laws are presently undergoing review process for the purpose of allowing the Council meetings to be held on Quarterly basis as well as the Dress Code.</p>
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	The Delegation of Powers Framework as required by legislation is in place.														
Contract Management	Legal Services Unit provides support services in this regard, which include rendering advice on the rights and responsibilities of the parties, and termination or cancellation of the contract.														
Service Level Agreements	Unit Legal and Valuation is also providing support to Directorate in the legal drafting of the agreements as well as to provide advice on amendment of contracts in terms of the requirements of section 116 of Municipal Finance Management Act, 2003.														
Litigation	<p>The Unit: Legal and Valuation deals with labour matters as well as ordinary litigation before the courts. In the area of Labour disputes, the Unit renders assistance by representing the municipality before the Bargaining Council and CCMA. In exceptional circumstances or in complicated labour matters, the Municipality do engage the services of external legal advisors who are on the municipality panel of Attorneys. The Unit also assists the Directorate Corporate Support in the prosecution and charring of serious disciplinary matters.</p> <p>In the area of Town planning, the Unit is providing support in the form of providing legal opinions as well as representing the municipality before the Tribunal in terms of SPLUMA legislation.</p> <p>In the domain of Housing, the Unit is representing the municipality in the Housing Tribunal especially where there are disputes between the lessor and the lessee ;</p> <p>Externally the Municipality have appointed a Panel of Attorneys to represent the Municipality in litigation matters. During the period under review the Unit: Legal dealt with total number of 57 cases. The cases are as follow:</p> <table border="1" data-bbox="424 1312 1222 1491"> <thead> <tr> <th>Information</th> <th>2015/16</th> <th>2016/17</th> <th>2017/2018</th> </tr> </thead> <tbody> <tr> <td>Cases against Council</td> <td>32</td> <td>38</td> <td>50</td> </tr> <tr> <td>Cases for Council</td> <td>4</td> <td>9</td> <td>7</td> </tr> </tbody> </table>			Information	2015/16	2016/17	2017/2018	Cases against Council	32	38	50	Cases for Council	4	9	7
Information	2015/16	2016/17	2017/2018												
Cases against Council	32	38	50												
Cases for Council	4	9	7												

3.56 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Table 3.56 Financial Performance 2016/17 – Information Technology

Details	2016-17 Actuals	2017 -18 Budget	2017 -18 Actuals	Variance
	R'000	R'000	R'000	R'000
Total Operating Revenue	25,438	14,891	10,000	4,891
Employee Related Costs	5,484,700	6,539,553	6,463,248	76,305
Repairs and Maintenance	6,791,898	6,670,060	4,349,267	2,320,793
Other Expenditure	13,699,537	22,969,100	15,414,586	7,554,514
Total Operating Expenditure	25,976,137	36,178,713	26,227,102	9,951,611
Net Operating Profit/ (Loss)	25,950,699	36,163,822	26,217,102	9,946,720

3.57 COMMUNICATIONS AND BRAND MANAGEMENT

Table 3.57 COMMENTS ON THE PERFORMANCE OF THE COMMUNICATIONS*

PROGRAMMES		<p>From a policy perspective, the Unit drafted the Municipality's Communications Policy and Communication Strategy with the view to aligning them with the GCIS, national and provincial legislative and policy frameworks, as well as the Municipality's Strategic Priorities. Comments have been solicited from the Legal Unit of the Municipality. The two policy documents are yet to be adopted by Council, subject to public participation processes.</p> <p>The Unit has participated in all of the seven (7) Municipality's Strategic Priorities in terms in coverage and publicity.</p>
MEANS OF COMMUNICATIONS		<p>The Communications Unit, for the year under review, 2017/18 utilized the following means or tools to communicate with members of staff, residents, business and government department: Social media platforms: website, municipal group chats on WhatsApp, Telegram, consumer group chats on WhatsApp and Telegram, twitter handle and Facebook. Conventional media: newspapers, magazines, weekly newsflashes, radio and television (local and national).</p>

	<p>A fortnightly radio slot has been secured with one community radio station, to update the community about several programmes of the Municipality and service delivery related issues.</p>
PUBLICATIONS	<p>The unit produced monthly internal newsletter for the year under review, 2017/18.</p> <p>The unit produced weekly articles (information based material) for internal staff, on identified monthly themes.</p>
PUBLICITY	<p>The Rustenburg Local Municipality is the only municipality that received maximum and consistent publicity in the media, both electronic and print, in the Bojanala Platinum District. Largely, the media coverage is positive as these are articles or write-ups sent by the Unit to the media. Proof of published articles is available and filed in the archives. Evidence has been sent to Executive Mayor and Municipal Manager's cell phones by means of WhatsApp daily, as and when received.</p> <p>Working relations with some media houses has been generally good and beneficial for the Municipality. Filed published articles as proof publicity is available.</p> <p>The Unit has adopted the strategy to publicize every event, function, meeting, achievement, service delivery activities in Wards and notices, and post them on the website, Facebook page, Twitter handle, group chats.</p> <p>The RLM's social media platforms have received positive feedback from the North West provincial government, and mostly the reach to target audiences on Facebook has surpassed thirty (30) thousand followers.</p>
CAPACITATION OF THE UNIT	<p>Multi-media Designer has been producing artworks for all Directorates of the Municipality. This appointment has proven to be very effective and efficient as it saves Municipality lot of money from outsourcing the requisites skill and turn-around time.</p> <p>External Communication Specialist has been strategically focusing on external clients of the Municipality, thus relieving lot of pressure from the Unit Manager, to ensure efficiency. The responsibilities include responding to general service delivery inquiries from the community and or media inquiries on developments at the Municipality.</p>

	Internal Communication Specialist has been on a weekly basis publishing information driven articles twice a week. The information sensitizes employees on wide ranging issues including (International Women’s Day, World AIDS Day, Worker’s Day). The articles form part of the monthly newsletter produced internally.
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3.59 MONITORING AND EVALUATION UNIT

Table 3.59 Achievements in the year under review:

ITEMS	DESCRIPTION
Implementation of Council Resolutions	Circulate resolutions from 1st December 2016 to June 2017 to directorates: Incorporate comments Compile a report with the resolutions not yet implemented for mayoral on 19 January 2017
Annual report	Went through AG Reports to help with issues that are recurring
Local Government Management Improvement Model: Improvement Plan	The unit led the LGMIM process with the Presidency, Province and Cogta The municipality has some improvements in the year under review even though some improvements still needs to be made
Back to Basics Programme	Contributed to the reports on Back to Basics Programme Held workshop/seminar with all directorates
Predetermined Objectives: Workshop	Attending Lekgotla for Strategic Planning
Recovery Plan	Compiled Quarterly report in conjunction with the Office of the Municipal Manager
Service Delivery Audit 2011-2016	Developed road map to prepare for the Service Delivery Audit Collected information from Achieves 2012/17 IDP 2015/16 IDP 2016/17 IDP Obtained Annual Reports from PMS

3.60 SPECIAL PROJECTS

Table 3.0 Achievements for the financial year under review

ITEM	PROGRESS	DATES
Bursary Forms	Special project has issued out bursary forms for the following organisations The National Youth Development Agency (NYDA) Bursary forms and the Motsepe Foundation Bursary forms.	2017-2018
Career Exhibition	Special Project partnered with the Department of Education had launched a career exhibition for all the grade 12 matriculates.	2017-2018
Back to school campaign donation	Office of the Mayor has distributed school stationery (rulers, pens, sharpeners, erasers, pencils and school uniform to schools in farming schools and rural schools.	2017-2018
Career Counselling	Special projects office partnered with the Department of Education had a career counselling for all the grade 9,10 and 11 learners from different schools in the jurisdiction of Rustenburg.	2017-2018
Donation of stationery and school shoes to DE-HY Primary School	The special projects office partnered with different stakeholders donated school stationery and school shoes to the disadvantaged learners.	2017-2018
Social crime prevention (school safety search)	Special Project office partnered with Public Safety, SAPS and different stakeholders visited problematic schools to search and to do presentations regarding crime in the schools.	2017-2018
Mayoral inauguration	The special projects office visited the Rustenburg Orbit TVET were the Executive Mayor addressed students and SRC Representative.	2017-2018
Sun Bake field trip	Special Projects partnered with JA South Africa(NGO) had a learner ship with unemployed youth who are willing to open their own businesses, the NGO took the young people for a field trip to learn on how to make a bread and to know the challenges on how to open your business	2017-2018
Funding forms	Special Project has issue out funding forms for all NGO's dealing with HIV and Aids, Elderly and Disability and Victim Empowerment Organisation to apply for funding from Bojanala District Municipality.	2017-2018

ITEM	PROGRESS	DATES
SA Congress of Early Childhood Development	Special Project in partnership with South African Congress for Early Childhood Development had a Music Competition at Ben Marais Hall.	2017-2018
Women's month events	Outreach Program: information sharing with different stakeholders such as Home Affairs, SASSA, Department of Social Development, Road Accident Fund and Trauma Centre at Robega community Hall and Nkaneng Sport Ground.	2017-2018
Workshop for Women in Business	Special Project had workshop on financial management for Women in Business	2017-2018
Joint Aid Management SA (JAMSA)	Special Project in partnership with JAMSA donated instant porridge to 34 Early Childhood Development on monthly and donated shoes to those 34 centers at once.	2017-2018
NGO Workshop	Special Project and Sonyce Media had workshop for NGO on Leadership and Financial Management at Old Town Hall. Special project in partnership with Department of Social Development had NPO Act Compliance Training (capacity building) for newly registered NPO at 08 floor Council Chamber. Special Project and Office of Premier had workshop for HIV and AIDS Organisations in Rustenburg at Old Town Hall.	2017-2018
South African Early Childhood Development	Special Project and South African Early Childhood Development had athletics event at Olympia Park Stadium), crèche around Rustenburg were invited to the competition	2017-2018
Interdenominational prayer	Special Project in partnership with interdenominational women had a prayer session at Tlhabane Reform church.	2017-2018
Volunteer day	Special project, Bojanala District Municipality and Social Development hosted Volunteer day for all NGOs in Rustenburg	2017-2018
Christmas with our Children	Special Project and Motsepe Foundation donated 4500 toys to orphans, vulnerable and needy children.	2017-2018
16 days of Activism	Special Project, Public Safety and different stakeholders launched 16 days of activism by addressing issues that affect men on roads such as alcohol and drugs at Kroondal road.	2017-2018

ITEM	PROGRESS	DATES
World Aids Day	Special Project, RRT and Tsholetsa Disability Centre had a world aids day at Leakgona Disability Centre.	2017-2018
Children's Forum	Special Project and Office of Status of Women had launch children's forum at Zeerust Hall.	2017-2018
Gender Based Violence	Special Project and Commission for Gender Equality had an awareness campaign on gender-based violence at Phatsima Community Hall.	2017-2018
Children's Day	Special Project and SOS village celebrated children day at Paardekraal Primary School.	2017-2018
Dialogue	Special Project, Social Development and Office of Status of Women had a dialogue at Ben Marais Hall with different members of the community.	2017-2018
Women Summit	Special Project, Social Development and Office of Women had a women Summit at Rustenburg Civic Centre.	2017-2018
Job preparedness Workshop	Special projects in partnership with NYDA held workshops in every quarter of the month that assisted Youth with information about job hunting skills.	2017-2018
External Learnership (Skills Development Program)	Special Projects partnered with Topo Class (PTY)LTD in training 50 Youth about Water Sanitation program. The Learnership was held at Boitekong Ward 20.	2017-2018
External Learnership (Skills Development Program)	Special Projects partnered with Bojanala Platinum District Municipality to empower 100 Young people in the following learnerships: Building and Civil Construction NQF Level 3 Construction of Road Works NQF Level 3	2017-2018
Anglo American Process Division Learnership	Special Projects was requested by Anglo American Platinum Mine to submit 40 Curriculum Vitae's.	2017-2018
Art and Music Workshop	Special project held a successful workshop whereby all Youth from different sectors were invited to participate.	2017-2018
Special projects Outreach program	Special Projects held an Outreach program every quarter of the year in different Wards of Rustenburg whereby different Stakeholders are invited to present their programs to the Community.	2017-2018

ITEM	PROGRESS	DATES
Youth Camp	Special projects in partnership with Office of the Premier held a Youth Camp for 5 days at Potchefstroom and 10 young people were transported to the venue.	2017-2018

3.61 INTERGOVERNMENTAL RELATIONS (IGR)

The Constitution of the Republic of South Africa Act 108 of 1996 Section 40 (2) of Chapter 3 stipulates that all spheres of government must observe and adhere to the principles of chapter 3 and must conduct their activities within the parameter of this chapter.

The objective of Intergovernmental Relations Framework Act is to provide within the principles of cooperative government set out in chapter 3 of the Constitution of Framework, for national, provincial and local governments, and all organs of the state within those governments, to facilitate coordination in the implementation of policy and legislation.

Intergovernmental Relations is defined as an interacting network of institutions at national, provincial and local levels, created and refined to enable the various parts of government to cohere in a manner more or less appropriate to our institutional arrangements.

The objective of Intergovernmental Relations Framework Act is to provide within the principles of cooperative government set out in chapter 3 of the Constitution of Framework, for national, provincial and local governments, and all organs of the state within those governments, to facilitate coordination in the implementation of policy and legislation.

The existence of the IGR in Rustenburg Local Municipality is to ensure a coordinated approach to service delivery within the three spheres of government and other stakeholders of government and encourage involvement in planning and implementation of the programmes of the municipality.

IGR ensures that all relations with all spheres of government in South Africa and Traditional Leadership relations in the area give maximum value and effectiveness to the Integrated Development Plan (IDP) of the municipality by providing intergovernmental relations policies, programmes and projects within the spirit of cooperative governance.

Given the above background Intergovernmental Relations has been coordinating Multi-Stakeholder Engagement Forums for 2017 /18 financial year to present the draft IDP and Budget adopted by the Council.

Intergovernmental Relations has been coordinating and facilitating all the stakeholders' forum meetings like Mining Houses, Traditional Leaders as well as sector departments to participate in all programs of Rustenburg Local Municipality.

MULTI – STAKEHOLDER ENGAGEMENT

The IGR coordinates and facilitates multi stakeholder engagement forum meetings by sending communiqué and invitations to all the relevant stakeholders. IGR invited representatives from Government Departments, Mining Houses, Businesses and other major stakeholders as per budget process plan as and when needed.

MEETING BETWEEN BUSINESS FORUMS AND RLM SENIOR MANAGEMENT

IGR coordinated number of engagements on with Business Forums from February 2018 to date. The purpose of these meetings is to address the issue of communication between RLM and Businesses and between Businesses and Mining Houses.

The agreement was that an Umbrella Structure be established by the name of RUSTENBURG BUSINESS COUNCIL.

Number of follow-up meetings were convened by IGR afterwards such as to mention a few, on the 1st March 2018 and on 16th March 2018.

CRIME PREVENTION STRATEGY INTERNAL AND EXTERNAL STAKEHOLDERS

Intergovernmental Relations also coordinated a number of meetings with both internal and external stakeholders to discuss the issue of crime in Rustenburg CBD and surrounding areas.

Follow-up meetings on the matter were convened by IGR on the 26th February 2018 on the 28th February 2018 and on the 20th March 2018. These meetings are on-going.

MASECO

IGR coordinated MASECO meetings with Samancor Chrome Mine, Glencore, Tharisa Minerals, Lonmin and Wesizwe from January 2018 to date.

Discussions on the MASECO meetings are based on SLPs and their alignment with the Municipality IDP.

STAKEHOLDER ENGAGEMENTS

All Businesses in the CBD: The invitation to businesses were hand delivered to the shops. IGR team managed to hand deliver invitations to 323 shops in the CBD and while they were doing that, register was signed as the proof that they have received the invitation. The meeting with the above stakeholders was held on the 23rd March 2018, Old Town Hall, at 18H00

WAR ROOM

Intergovernmental Relations also coordinates War Room meetings where all government departments are invited to come and report on Service delivery conducted in our communities. These meetings are held at Rustenburg Offices. The meetings are chaired by Councillor J Molubi, MMC for Special Projects and IGR with Department of Social Development being a scribe.

The Department of Social Development was mandated to coordinate the implementation of War Room on Poverty Programme from 2009/10 NW EXCO Resolutions. The activity was to ensure a proper coordination of War on Poverty household profiling, as well as the provision of interventions and implementation of Comprehensive Rural Development Programme.

The challenge the unit IGR in the office of the Executive Mayor together with Department of Social Development is having in this regard is a non-attendance and / poor support of the programme by other government departments together with other directorates internally.

TRADITIONAL LEADERS

Rustenburg Local Municipality has managed to sign the memorandum of understanding with three tribal authorities that fall under the municipality. These are:

- The Royal Bafokeng Nation
- Bakubung Ba Mathope
- Bakwena Ba Mogopa

MEETING WITH TLAPA COMMUNAL PROPERTY ASSOCIATION

IGR continues to maintain good relationship with all traditional authorities. Recently IGR has been engaging Tlapa communal Property Association.

With regard to the above, a meeting was arranged between RLM and Tlapa Village Representatives.

Discussions were based on Land Claim and also requested to fall under RLM Administration of which currently fall under Bafokeng Administration. Engagements are on-going.

CONCLUSION

In conclusion IGR Unit is trying by all means to deliver its mandate of coordination and facilitation between the municipality and other external stakeholders with the aim of common objective for better service delivery and eradication of poverty.

3.62 CUSTOMER RELATIONS MANAGEMENT

The concept of the customer care center was conceptualized as the Rustenburg Integrated Communication Centre shortened as RICC whose main aim was to create an effective, efficient and vibrant communication centre for the Rustenburg Local Municipality. The RICC was intended to become a one stop shop standing on two legs; The Call Centre and the crisis centre, the former addressing complaints regarding service delivery issues while the later handling complaints about the emergency and life-threatening incidents.

When the concept of Integrated Communication centre was mooted out and developed, the main aim was to create a one hub of Information Centre whereby all small call centres or control rooms can be housed under the same roof with integrated systems.

The system put in place to ensure adequate functioning of the all interrelated functions contributing to efficiency has extended to the establishment of the service delivery forum. The service delivery forum is attended by all ward councilors. The statistical report on the status of the service maintenance and operations is a standard item. The forum interrogates the report with status of all queries received categorized according to the different services, Number of such queries that have been successfully closed and the number of queries still open at the time.

Remedial plan on all pending queries are presented and the forum follows up on the implementation of the remedial plans. A WhatsApp group was created to enhance communication between Councilors, call centre and the management of the Rustenburg Local Municipality.

3.63 PROJECT MANAGEMENT OFFICE (PMU TO REVIEW)

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.

3.64 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

Research and Development is a unit in the Local Economic Development Directorate pending finalization of the restructuring process.

Municipal Growth and Development Planning

The Rustenburg Local Municipality has the intention of becoming a 'World Class City'. The vision is supported by the introduction of the Bus Rapid Transport "Ya Rona" and the construction and maintenance of roads aiming to reduce the number of vehicles and encourage the use of Public Transport. The City Development Strategy i.e. 2020 trajectory has culminated into the Regional Integrated Master Plan 2040 which incorporates the tribal authority areas. The Master Plan is inclusive of the Precinct Plans. It introduces a new integrated planning approach between different spheres of government as well as private sector including directorates within the municipality and other key role players within the Rustenburg area of jurisdiction.

Integrated Development Planning

The process of reviewing the IDP is followed in terms of the requirements of section 34 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.

3.65 ANNUAL PERFORMANCE REPORT (SECTION 46 REPORT: 2017/2018)

This Annual Performance Report has been compiled in terms of the Municipal Systems Act (MSA), 32 of 2000, section 46(1) and (2), as well as the MFMA Circular 11 on annual reporting. This report covers the performance information from 01 July 2017 to 30 June 2018 and focuses on the implementation of the Service Delivery Budget and Implementation Plan (SDBIP) as amended in conjunction with the Budget Adjustment during February 2018, in relation to the objectives as encapsulated in the Municipality's Integrated Development and Plan (IDP).

This Report reflects actual performance of the Municipality as measured against the performance indicators and targets in its 2017/2018 Integrated Development Plan (IDP), Annual Budget and Service Delivery and Budget Implementation Plan (SDBIP).

Furthermore, this report will also endeavour to report the Municipality's performance in terms of the six (6) National Government's Strategic Key Performance Areas for local government, which are (1) Basic Service Delivery; (2) Local Economic Development; (3) Municipal Institutional Transformation and Development; (4) Municipal Financial Viability and Management, (5) Good Governance and Public Participation, and (6) Spatial Rationale.

The format of the report will reflect the Municipality's Key Performance Indicators (KPI) per Municipal Key Performance Area.

3.65.1 COMPARATIVE ANALYSIS OF THE 2016/17 AND 2017/18 PERFORMANCE

The municipality's performance is at 72% which emanates from performance of the following Directorates: Office of the Municipal Manager, Office of the Executive Mayor, Budget & Treasury Office, Corporate Support Services, Technical & Infrastructure Services, Planning & Human Settlements, Community Development, Local Economic Development, Public Safety and Roads & Transport. Detailed performance of the respective Directorates per Key Performance Areas is depicted on the table below.

Key Performance Areas (KPA's)	2016/17 Organizational Performance				2017/18 Organizational Performance				
	TOTAL Number of KPI's	KPI's Achieved	KPI's not achieved	Performance in Percentages	TOTAL Number of KPI's	KPI's Achieved	KPI's not achieved	Withdrawn	Performance in Percentages
Municipal Institutional Development and Transformation	2	0	2	0%	9	7	2	0	78%
Good Governance and Public Participation	10	7	3	70%	21	20	1	0	95%
Municipal Financial Viability and Management	3	1	2	33%	13	7	6	0	54%
Local Economic Development	1	1	0	100%	7	4	1	2	80%
Basic Service Delivery and Infrastructure Development	7	2	5	29%	17	7	8	2	46%
Spatial Rationale and Transformation	Not Applicable/Not part of the SDBIP				5	4	1	0	80%
TOTAL	23	11	12	48%	72	49	19	4	72%

It should be noted that there is an increase of 24% in overall performance of the municipality in comparison to the previous financial year.

The overall assessment of actual performance against targets set for the Key Performance Indicators as documented in the SDBIP is illustrated in terms of the following assessment methodology.

Table 1: KPI Assessment Methodology

Colour Legend	Category	Explanation
	KPI Not Applicable	KPIs with no Targets or Actual results for the selected period
	KPI Withdrawn	KPI withdrawn for whatsoever reason
	KPI Not Met	Actual vs Target Less than 75%
	KPI Almost Met	Actual vs Target between 75% and 100%
	KPI Met	Actual vs Target 100% Achieved
	KPI Met Well	Actual vs Target More Than 100% and Less Than 150% Achieved
	KPI Extremely Met Well	Actual vs Target More Than 150%

3.65.2 PERFORMANCE PER KEY PERFORMANCE AREA (KPA)

3.65.2.1 Basic Service Delivery and Infrastructure Development

KPI NO.	Key Performance Indicator Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline 2016/2017	Financial Year Under Review 2017/2018			Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)	
		Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved						Status
STRATEGIC PRIORITY: Efficient Provision of quality basic services and infrastructure within a well-planned spatial structure														
OBJECTIVE: Accelerated delivery and maintenance of quality basic and essential services to all communities														
1.	Number of WSIG projects completed within budget and timeframes by 30 June 2018	New KPI	-	-	-	100%	100%	NOT ACHIEVED 50%	There were 4 projects under WSIG and only 2 were achieved: Lekgalong and Maumong	R65 000 000	R57 652 541	Slow progress on the specialized part of the works (Non-availability of specialized crane for lifting the steel tank in the area)	The contractors have revised their programs of work so that they can complete the projects by the end of August 2018.	Completion Certificate(s)
2.	Percentage completion of AC pipes replacement projects by 30 June 2018	New KPI	-	-	-	100%	100%	NOT ACHIEVED 0	Project started in July 2018.	R6 565 730	R31 008 522	The Contractor for Tlhabane Replacement of AC pipes was appointed in March 2018. The project commencement was delayed for three (3) months, due to community social challenges.	The project has commenced on 31 July 2018 and the expected completion date is 30 September 2019	Completion Certificate

KPI NO.	Key Performance Indicator Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline 2016/2017	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance Target	Means of Verification (POE) Actual Performance
		Target	Actual Performance	Achieved/Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/Not Achieved	Status					
STRATEGIC PRIORITY: Efficient Provision of quality basic services and infrastructure within a well-planned spatial structure														
OBJECTIVE: Accelerated delivery and maintenance of quality basic and essential services to all communities														
3.	Number of reservoirs and bulk pipeline constructed within Budget and timeframes by 30 June 2018	New KPI	-	-	-	100%	1 x reservoirs and bulk pipeline (constructed within Budget and timeframes	NOT ACHIEVED 0	The project was not complete at the end of the financial year.	R6 085 586	R0.00	MOU was concluded on 28/03/2018 and appointment letter signed on 22/06/2018	Project implementation plan will be submitted once the appointed service providers acknowledges and accepts the appointment.	
4(a)	Completion Rate of the upgrade of Bospoort WTW, and New Bospoort North Reservoir and Bulk pipeline within Budget and timeframes by end of June 2018	New PI	-	-	-	100%	100%	NOT ACHIEVED 0	The project is still on planning stage.	R24 543 376	R12 329 830		Designs were developed to accommodate the proposed 35ML reservoir. Subsequent to the finalization of the design, WULA (Water Use License Approval) will be sought from the Department of Water & Sanitation before it can be implemented.	Completion Certificate

KPI NO.	Key Performance Indicator Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline 2016/2017	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance Target Target	Means of Verification (POE) Actual Performance Actual Performance
		Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
STRATEGIC PRIORITY: Efficient Provision of quality basic services and infrastructure within a well-planned spatial structure														
OBJECTIVE: Accelerated delivery and maintenance of quality basic and essential services to all communities														
4(b)	Number of Bospoort WTW upgraded by June 2018	New KPI	-	-	-	100%	1 x Bospoort WTW upgraded	NOT ACHIEVED 0	The Civil Works Contractor was already on site and the progress was at 2% (site establishment)			Delay in appointment of the Mechanical & Electrical Contractor	A mechanical and electrical contractor has been appointed in July 2018, and the progress is at 2% (Site established)	Completion Certificate
5.	Number of sewer reticulation projects completed within Budget and Timeframes by June 2018	New KPI	-	-	-	100%	1 x sewer reticulation projects completed within Budget and Timeframes	NOT ACHIEVED 0	NOT ACHIEVED Tlhabane AC Sewer replacement – 5% Monnakato – 10%	R8 445 680	R4 159 061.93	Delay in commencing with the projects, due to issues of appointment of subcontractors	Contractors have been appointed and Projects will be completed in June 2019.	

KPI NO.	Key Performance Indicator Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline 2016/2017	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance Target Target	Means of Verification (POE) Actual Performance Actual Performance
		Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target Achieved/ Not Achieved	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
STRATEGIC PRIORITY: Efficient Provision of quality basic services and infrastructure within a well-planned spatial structure														
OBJECTIVE: Accelerated delivery and maintenance of quality basic and essential services to all communities														
6.	Number of electrical services projects completed within Budget and Timeframes by end June 2018	86 High mast lights	33 high mast lights installed	Not achieved	40%	100%	2 x central services projects completed within Budget and Timeframes	ACHIEVED 2	Maumong phase 2 were completed on the 04 th April 2018 and Mosenthal/ Ikageng High Mast Lights were completed on the 21 st February 2018.					
7.	KM's of roads constructed by June 2018	15.6km	6.73km	Not achieved	6.73KM	100%	4KMs	ACHIEVED 10km	10km of roads were constructed.	R7 084 822	R6 984 048			Completion Certificate
8	Number of Service Providers appointed for the Construction of the Bus Stations by 30 June 2018	New			New	-	1 x Service Providers appointed for the Construction of the Bus Stations	NOT ACHIEVED 0	The service provider was not appointed by the end of June 2018.			Prolonged settlement with Terminated contractor on the final account	Tender Process started. Briefing held 29 July 2018	Appointment Letter

KPI NO.	Key Performance Indicator Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline 2016/2017	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance Target	Means of Verification (POE) Actual Performance
		Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
STRATEGIC PRIORITY: Efficient Provision of quality basic services and infrastructure within a well-planned spatial structure														
OBJECTIVE: Accelerated delivery and maintenance of quality basic and essential services to all communities														
9	Number of cemetery constructed at Boitekong by June 2018	New	-	-	-	Withdrawn	Withdrawn	Withdrawn	The KPI was withdrawn during budget adjustment	0	0	The initial intended location for this infrastructure, did not meet the soil stability requirements.	Planning has appointed a consulting firm to assist the municipality in identifying the best suitable location.	Withdrawn
10	Number of Rustenburg Flea Market constructed by June 2018	New	-	-	-		1 x Flea Market constructed by June 2018	Withdrawn	The KPI was withdrawn during budget adjustment The initial intended location for this infrastructure, did not meet the soil stability requirements.	0	0	The project did not get implemented, due to the change in location. The project was moved from the initial area of Showground to a proposed area at the VIC centre.	A letter was received from COGTA that instructs the municipality to proceed with the implementation of the infrastructure at the VIC.	Withdrawn

KPI NO.	Key Performance Indicator Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline 2016/2017	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance Target	Means of Verification (POE) Actual Performance
		Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target Achieved/ Not Achieved	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
STRATEGIC PRIORITY: Efficient Provision of quality basic services and infrastructure within a well-planned spatial structure														
OBJECTIVE: Accelerated delivery and maintenance of quality basic and essential services to all communities														
11	Percentage of households with access to basic level of weekly solid waste removal	85 000	145 122 households	Achieved	109 550 households	2%	100%	ACHIEVED 4.1 %	2% of 109 500 = 2 190 Household collection at the end of June 2018 = 116 535= 4.1%	R213,758,950	R101,746,116			Quarterly report certified by BTO
12	Number of Environmental Management Framework reviewed and submitted to Council for approval by Council by 30 th June 2018	New	-	-	-	100%	1 x Environmental Management Framework	NOT ACHIEVED 0	NOT ACHIEVED EMF Finalised and presented to Portfolio and Mayoral Committee and to Council after the end of the financial year on the 31 July per Item 168	Opex	-	-		Quarterly Report

KPI NO.	Key Performance Indicator Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline 2016/2017	Financial Year Under Review 2017/2018				Budget	Expenditure Actual Performance	Reasons for Performance Variance	Measures taken to improve performance Target	Means of Verification (POE) Actual Performance
		Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target Achieved/ Not Achieved	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
STRATEGIC PRIORITY: Efficient Provision of quality basic services and infrastructure within a well-planned spatial structure														
OBJECTIVE: Accelerated delivery and maintenance of quality basic and essential services to all communities														
13	Number of Integrated Disaster Management Plan proposals implemented by 30 th June 2018	New	-	-	-	100%	4 x Integrated Disaster Management Plan proposal implemented	ACHIEVED 4	Mitigation reports, education and awareness campaigns, incidents reports, and stakeholder engagements were conducted.	Opex	-	-		Incident and Mitigation Report
14	Number of Fire Brigade by-laws reviewed by 30 th June 2018	New	-	-	-	100	1 x Fire Brigade by-laws reviewed	ACHIEVED 1	1 Fire-brigade by-law was reviewed and tabled to Council per item 121 on the 29 May 2018	Opex	-	-		Progress Report Court Rolls

KPI NO.	Key Performance Indicator Revised during 2017/18 Mid-Year	Previous Financial Year 2016/201			Baseline 2016/2017	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance Target	Means of Verification (POE) Actual Performance
		Target	Actual Performance	Achieved/ Not Achieved		Original Annual Achieved/ Not Achieved	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
STRATEGIC PRIORITY: Efficient Provision of quality basic services and infrastructure within a well-planned spatial structure														
OBJECTIVE: Accelerated delivery and maintenance of quality basic and essential services to all communities														
15	Number of municipal court service extension at Tlhabane Magisterial District by June 2018	New	-	-	-	100%	1 x Municipal court service extension at Tlhabane Magisterial District	ACHIEVED 1	One (1) municipal court service was extended to Tlhabane from 1 st April 2016.	Opex	-	-		
16	Number of Quarterly Progress Reports on functionality of RCC compiled and submitted to Council for adoption by 30 th June 2018	New	-	-	-	0	2 x Quarterly Progress Reports on functionality of RCC	ACHIEVED 2	ACHIEVED The quarterly reports were compiled by the Manager Regional Community Centres and tabled to Manco.	Opex	-	Management noted that performance of RCCs were not documented.		

KPI NO.	Key Performance Indicator Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline 2016/2017	Financial Year Under Review 2017/2018				Budget Revised Target	Expenditure Actual Performance	Reasons for Performance Variance	Measures taken to improve performance Target	Means of Verification (POE) Actual Performance
		Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
STRATEGIC PRIORITY: Efficient Provision of quality basic services and infrastructure within a well-planned spatial structure														
OBJECTIVE: Accelerated delivery and maintenance of quality basic and essential services to all communities														
17	Percentage reduction in water distribution losses by June 2018	10%	0	Not achieved	10%	6% reduction in water distribution losses	NOT ACHIEVED 0	NOT ACHIEVED Water losses were at -8.8%	Opex	-	The -8.8% is based on financial loss calculations only.	A project to implement Water Conservation Demand Management Plan has commenced and anticipated for completion by 30 June 2018.	Monthly report on water losses	

3.65.2.2 Local Economic Development

KPI No.	Key Performance Indicator Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Target	Actual Performance	Achieved / Not achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
STRATEGIC PRIORITY: Drive diversified economic growth and job creation														
OBJECTIVE: Develop vibrant and diversified world class economy through high-value adding economic sectors														
18	Number of jobs created through local economic development initiatives including capital projects by June 2018	1000	1004	Achieved	1004	2280	500	ACHIEVED 1662	A total number of 1662 of jobs were created.	Opex	-			List of appointees with identity numbers
							One (1) digit was not captured. It should read 1500 instead of 500.							

KPI No.	Key Performance Indicator Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Target	Actual Performance	Achieved / Not achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
19	Number of SMMEs and cooperative assisted with technical and financial support by June 2018	New	-	-	-	480 (30 per sector)	240	ACHIEVED 610	28 Co-operative members from Tlhabane cluster received training and information from RLM: LED, SARS, SEDA and CIPC. 41 Co-operative members attended tender documentation workshop 235 SMME and co-operatives attended the #Y4R Enterprise Development Day. (the programme provided the attendees with a platform to engage with different stakeholders and to access	R 2 200 000	R 1 224 288	The variance results from the youth month programme which aimed to impact the wider majority of enterprises in the Municipality. More than targeted SMMEs were assisted due to collaboration with stakeholders.	Events report/ attendance register	

KPI No.	Key Performance Indicator Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Target	Actual Performance	Achieved / Not achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
								information from the exhibition stands) 192 SMMES attended a SMME municipal opportunities and tendering process workshop. 114 SMMES were assisted with market linkages (sub-contracting) through capital projects and private developments.						
20	Number of Investment Policies developed and approved by	New	-			100%	N/A	ACHIEVED 100%	The Draft Investment Incentive Policy developed and adopted by Council for public	Opex	-	Quarter 1 was erroneously removed.		Investment incentives policy guidelines/ Council

KPI No.	Key Performance Indicator Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Target	Actual Performance	Achieved / Not achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
	Council by 30 th June 2018			-	-				participation on 29 May 2018 per item 136.					Item/Minutes /Resolution
21	Number of expression of interests advertised for the plan projects (catalytic) by June 2018	New	-		-	7	7	ACHIEVED 7	The advert for the Expression of Interest was placed on 26 November 2017.	Opex	-			Expression of interest issued/proposal received/business case

KPI No.	Key Performance Indicator Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Target	Actual Performance	Achieved / Not achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
22	Number of legal outdoor advertising sites generating consistent and sustainable income for the municipality annually by June 2018	New	-	-	-	50	27	NOT ACHIEVED 0	Appointment of service provider to assist with the effective management of outdoor advertising has not been successful to assist the Directorate to achieve the target.	R 500 000	0	The municipality commenced with processes to put measures in place that will govern outdoor advertising but did not conclude same.	LED developed by-laws that will govern the outdoor advertising function of the Municipality and the application process will thus be established on approval of the by-laws.	Bid reports/appointment letter/service level agreement

KPI No.	Key Performance Indicator Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Target	Actual Performance	Achieved / Not achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
23	Number of pig production units completed by 31 st March 2018	New	-	-	-	Withdrawn	Withdrawn	KPI was withdrawn during the adjustment process per item 61 on 27 February 2018.	Opex	0	There were no budgetary resources allocated for agricultural development	-	Withdrawn	
24	Number of urban-agriculture projects completed by 30 th June 2018	New	-	-	-	7	7	KPI was withdrawn during the adjustment process per item 61 of 27 February 2018	0	0	There were no budgetary resources allocated for agricultural development	Agricultural development support programme has been developed and approved by Council in May 2018 to support agricultural projects in developing the agricultural sector.	Withdrawn	

3.65.2.3 Financial Viability and Management

KPI No.	Key Performance Indicator Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
OBJECTIVE: Develop and implement integrated financial management systems to support municipal programmes and ensure internal financial sustainability														
25	Percentage increase of households earning less than R3 500 per month with access to free basic services by 30 th June 2018	100%	100%	Achieved	7%	20%	10%	ACHIEVED 20.62%	Number of indigent households were as follows: March=2246 April = 3170 May = 4513 June = 3536 Total = 13 465 Movement for the year = 1290 Percentage increase for quarter is 20.62%	R54 717 292	R55 572 505	Instability was occasionally experienced where officials were not permitted to register indigent in the wards, therefore the target had to be reduced.		Indigent list Monthly report

KPI No.	Key Performance Indicator Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
26	Percentage of the municipality's capital budget spent on capital projects identified in terms of the municipality's integrated development plan by 30 th June 2018	95%	66.08%	Not Achieved		95%	55%	ACHIEVED 106%	Budget: R529 475 078 Exp: R563 159 045 Percentage Expenditure 106%	R529 475 078	R563 159 045	R17,568 067 WSIG roll over was not adjusted in the Promis System. RRT spending was accelerated that led to over-commitment for the financial year. Due to instability in wards, some projects were brought to a standstill.	Curb commitments and lock the financial system to avoid over-spending	Indigent list Monthly report

KPI No.	Key Performance Indicator Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
27	Percentage expenditure on the approved operational budget by 30 th June 2018	0%	86%	Achieved		95%	45%	ACHIEVED 74.56%	Budget: R4 471 895 649 Exp: R3 334 267 588 Percentage Expenditure 74.56%	R4 471 895 649	R3 334 267 588	System roll back had a negative impact on expenditure.	Creditors section sitting with the Promis roll back team to isolate actual spending from accruals	Expenditure report, extract of operational projects as per approved SDBIP
28	Percentage increase in revenue collection by 30 th June 2018	New	-	-		7%	3%	NOT ACHIEVED 2016/17= 91% 2017/18= 76.52% Decrease : 15%	There Was a decrease of 15% in revenue collection as at the end of the financial year.	R4 131 655	Actual Revenue collected: R3 161 394	System roll back had a negative impact on income		Billing report Debtors age analysis

KPI No.	Key Performance Indicator Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
29	Percentage of revenue collected set aside for building reserves by 30 th June 2018	New	-	-	-	1.67%	1.67%	ACHIEVED	R82.6m was set aside for reserves					Billing report Bank statement
30	Number of Financial Ratios with Positive Achievement per Quarter by 30 June 2018	Ratio - 1:1.5	0.75	Not Achieved	1:0.75	4 x (Debt Coverage,	4 x (Debt Coverage, Current Ratio, Collection Rate and Cost Coverage)	NOT ACHIEVED	Debt Coverage	Opex	-	Non-payment for services has impacted the revenue collection as anticipated.		Section 71 Reports
		Debt coverage – 45%	26%	Not achieved				18.39%	R581 280/ R3 161 394					
		Collection rate - 85%	R2 588 571 000.00	Not achieved	85%	0.78 : 1	Current Ratio	Opex	-					
		Cost coverage 1 month	0 month	Not achieved		Collection Rate and	ACHIEVED	Collection Rate	Opex	-				
							78.88%	R3 693 415/						

KPI No.	Key Performance Indicator Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
								R4 682 581						
						Cost Coverage)		NOT ACHIEVED 15 days	Cost Coverage The Municipality can meet its monthly fixed operational commitments in less than a month	Opex	-			
31	Number of Grants on which an Expenditure Rate of 96% was realised	New	-	-	-	95%	5 X (MIG, NDG, WSIG, FMG & INEP)	ACHIEVED 105%	Budget: R622 485 938 Expenditure :	R622 485 938	R651 490 438	R17m WSIG roll over was not adjusted in the Promis System. RRT spending was	Curb commitments and lock the financial system to avoid over-spending	Expenditure Report

KPI No.	Key Performance Indicator Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
	by 30 June 2018								651 490 438 Total Exp= R105%			accelerated that led to over-commitment for the financial year.		
32	Number of audit action plans for 2016/2017 compiled and submitted to Council for noting by 31 March 2018	New	-	-	1 qualified audit outcome	-	1 x Audit Action Plan for the 2016/2017 financial year	ACHIEVED 1	The audit action plan for 2016/2017 was compiled and tabled with the Annual Report in January 2018.	Opex	-			Audit Report; Audit Action Plan
33	Number of 2017/2018 Annual budget adjustment compiled and	February 2017	February 2017	Achieved	1	New	1 x 2017/2018 Annual budget	ACHIEVED 1	The Adjustment Budget was tabled on the 27 February	Opex	-	-		Budget document Council resolution

KPI No.	Key Performance Indicator Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
	submitted to Council for approval by 28 February 2018						adjustment		2018 per item 61.					
34	Number of 2018/2019 Draft Annual budget compiled and submitted to Council for adoption by 31 March 2018	New	-	-	1	New	1 x 2018/2019 Draft Annual budget	ACHIEVED 1	The 18/19 Draft Budget was tabled by 31 March 2018 per item 87.	Opex	-	-		Budget document Council resolution

KPI No.	Key Performance Indicator Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
35	Number of 2018/2019 Budget compiled and submitted to Council for approval by 30th May 2018	May 2017	May 2017	Achieved	1	100%	1 x 2018/2019 Annual Budget	ACHIEVED 1	The 18/19 Budget was tabled by 12 June 2018 per item 160.	Opex	-	The 18/19 Budget was tabled by 29 May 2018 and referred to a special council meeting of the 12 June 2018.	Budget document Council resolution	
36	Number of financial related policies revised by 31 May 2018	New	-	-	16	100%	16 x Budget related policies	ACHIEVED 16	16 copies of draft budget related policies were submitted to Council per item 160.	Opex	-	Liquidity Fund and Reserves were consolidated into one policy.	Policies Council resolution	
37	Number of Supplementary Rolls released by	New	-	-	1	1	1 x Supplementary Rolls	ACHIEVED 1	The Supplementary Valuation Roll was	Opex	-	-	Supplementary Roll	

KPI No.	Key Performance Indicator Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
	30 th June 2018													

3.65.2.4 Good Governance and Public Participation

KPI No.	Key Performance Indicator as Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Annual Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
STRATEGIC PRIORITY: Uphold good governance and public participation principles														
OBJECTIVE: Drive good governance and legislative compliance in all municipal processes														
38	Number of 2018/2019 Draft Integrated Development Plan (IDP) reviewed and submitted to Council for adoption by 31 March 2018	New	-	-	1	1	1	ACHIEVED 1	Draft 2018/19 Integrated Development Plan was adopted on the 27 March 2018 by Council per item 86.	R 1 599 032 (IDP Activities)	R1 992 431			Draft IDP Council Resolution
39	Number of 2018/2019 Integrated Development Plan (IDP) reviewed and submitted to Council for approval by 31 May 2018	May 2017	May 2017	Achieved	1	1	1	ACHIEVED 1	Final Draft 2018/19 Integrated Development Plan was tabled on the 30 th May 2018 but was referred to the Special Council on 12 th June 2018 per item 159.	R1 559 032 (IDP Activities)				IDP Document Council resolution

KPI No.	Key Performance Indicator as Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Annual Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
STRATEGIC PRIORITY: Uphold good governance and public participation principles														
OBJECTIVE: Drive good governance and legislative compliance in all municipal processes														
40	Number of the 2018/2019 IDP/Budget/PM S Process plan compiled and submitted to Council for approval by 30 th June 2018	New	-	-	-	1	1	ACHIEVED 1	2018/19 IDP/Budget/PMS Process plan / Time schedule was approved by Council on the 05 th September 2017 per item 313.	Opex	-			Process Plan Council resolution

KPI No.	Key Performance Indicator as Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Base-line	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Annual Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
STRATEGIC PRIORITY: Uphold good governance and public participation principles														
OBJECTIVE: Drive good governance and legislative compliance in all municipal processes														
41	Number of partnerships and stakeholder engagement established and conducted by 30 th June 2018	New	-	-	-	8	4	ACHIEVED 5	Five (5) MOUs were signed with the following institutions: 1. ABSA for Enterprise Development 2. Airport Consultancy and Advisory Services (ACSA Division) for Rustenburg Aerodrome	Opex	-			Memorandum of understanding Attendance register

KPI No.	Key Performance Indicator as Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline	Financial Year Under Review 2017/2018			Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)	
		Annual Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved						Status

STRATEGIC PRIORITY: Uphold good governance and public participation principles

OBJECTIVE: Drive good governance and legislative compliance in all municipal processes

								3. National Department of Public Works for Vuk'uphile programme					
								4. Orbit TVET College to provide training as from 01 November 2017.					
								5. Department of Environmental Affairs (DEA) – Maintenance and reporting on Marikana Air Monitoring Station.					

KPI No.	Key Performance Indicator as Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Base-line	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Annual Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved / Not Achieved	Status					
STRATEGIC PRIORITY: Uphold good governance and public participation principles														
OBJECTIVE: Drive good governance and legislative compliance in all municipal processes														
42	Number of the 2017/2018 Top Layer Service and Budget Implementation Plan amended in line with the audit action plan and submitted to Council for adoption by 28 th February 2018	100%	100%	Achieved	1	1	1	ACHIEVED	The Amended 2017/18 Top Layer Service Delivery and Budget Implementation Plan was approved on the 27 March 2018 by Council per item 85. The tabling of the amended SDBIP in February is unrealistic as the amendment should take place only after approval of a budget adjustment as per Section 54(1)(c) of the MFMA, Act No. 5 of 2003.	Opex	-			

KPI No.	Key Performance Indicator as Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Annual Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
STRATEGIC PRIORITY: Uphold good governance and public participation principles														
OBJECTIVE: Drive good governance and legislative compliance in all municipal processes														
43	Number Top Layer Service Delivery and Budget Implementation Plan (SDBIP) 2018/2019 completed and submitted to Executive Mayor for approval by 30 th June 2018	100%	100%	Achieved	1	1	1	ACHIEVED 1	The 2018/19 Top Layer Service Delivery and Budget Implementation Plan approved by the Executive Mayor on the 12 July 2018.	Opex	-			Amended Top Layer SDBIP Council resolution
44	Number of Performance Management Systems Framework/ policy reviewed	100%	100%	Achieved	1	1	1	ACHIEVED 1	The reviewed 2018/19 Performance Management Systems (PMS)	Opex	-			PMS Framework Council resolution

KPI No.	Key Performance Indicator as Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Annual Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
STRATEGIC PRIORITY: Uphold good governance and public participation principles														
OBJECTIVE: Drive good governance and legislative compliance in all municipal processes														
	by 31 st May 2018								Policy Framework was approved by Council on the 29 May 2018 per item 133.					
45	Number of quarterly performance reports compiled for Council for adoption by 30 th June 2018	New	-	4	4	4	2	ACHIEVED 2	1. 1 st quarter report was approved by Council on the 28 November 2017 per item 413. 2. Mid Term report approved by Council on 30 January 2018 per item 56. The 3 rd	Opex	-			Quarterly report Council resolution

KPI No.	Key Performance Indicator as Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Base-line	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Annual Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
STRATEGIC PRIORITY: Uphold good governance and public participation principles														
OBJECTIVE: Drive good governance and legislative compliance in all municipal processes														
									3. quarter performance report could not be tabled before council since assessments were not fully conducted.					
46	Number of formal performance assessment reviews conducted by 30 th June 2018	4	4	Achieved	4	2	2	ACHIEVED 2	The 3 rd quarter performance assessments were conducted on the 31 May 2018 The 4 th Quarter assessments were conducted on the 06 August 2018 and 13 th September 2018.	Opex	-			Performance agreements, minutes of the assessment, attendance registers

KPI No.	Key Performance Indicator as Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Annual Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
STRATEGIC PRIORITY: Uphold good governance and public participation principles														
OBJECTIVE: Drive good governance and legislative compliance in all municipal processes														
47	Number of risk implementation plan compiled and submitted to Council for noting by 31 May 2018	New	-	-	1	0	1	ACHIEVED 1	The organisational Risk Implementation Plan for 2018/19 was compiled by the Chief Risk Officer	Opex	-			Risk implementation plan Council resolution
48	Number of Operational Risks Registers compiled and submitted to Council for Approval by 31 March 2018	New	-	-	1	0	2	ACHIEVED 2	Risk Assessments for Strategic and Operational Risk Identification has been done and is being updated continuously.	Opex	-			Copies OF Operational Risks Registers

KPI No.	Key Performance Indicator as Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Annual Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
STRATEGIC PRIORITY: Uphold good governance and public participation principles														
OBJECTIVE: Drive good governance and legislative compliance in all municipal processes														
49	Number of Strategic Risk Registers for the 2018/19 Financial Year compiled and submitted to Council for Approval by 30 June 2018	Level 3	-	Not achieved	1	1	2	ACHIEVED 2	The organisational Strategic Risk Register for 2018/19 was compiled by the Chief Risk Officer.	Opex	-			Risk mitigation plan
50	Number of fraud and anti-corruption strategy compiled and submitted to Council for approval by 30 th June 2018	New	-	-	0	0	1	NOT ACHIEVED 0	The Fraud and Corruption Strategy was not reviewed during the financial year.	Opex	-			Council Resolution

KPI No.	Key Performance Indicator as Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Annual Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
STRATEGIC PRIORITY: Uphold good governance and public participation principles														
OBJECTIVE: Drive good governance and legislative compliance in all municipal processes														
51	Percentage of queries in the 2016/2017 audit action plan satisfactorily attended to by the 31 st January 2018	New	-	-	-	98%	100	ACHIEVED 100%	Total Queries were 128 Addressed were 128 Percentage = 100 %	Opex				Audit action plan
52	Number of 2016/17 audit action plan compiled and submitted to Council for approval by 30 June 2018	100%	82%	Not Achieved	1	1	1	ACHIEVED 1	The Audit Action Plan was compiled and tabled with the Annual Report in January 2018 per item 54.	Opex	-			Audit action plan Council resolution

KPI No.	Key Performance Indicator as Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Base-line	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Annual Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
STRATEGIC PRIORITY: Uphold good governance and public participation principles														
OBJECTIVE: Drive good governance and legislative compliance in all municipal processes														
5	Number of 2016/2017 Annual report compiled and submitted to - Council for adoption by 31 January 2018	New	-	-	1	1	1	ACHIEVED 1	The Annual Report 2016/2017 was tabled on the 30 January 2018 per item 54.	Opex	-			Copy of the Annual report and Council resolution
55	Number of Internal Audit charter compiled and submitted to Council by 30 th June 2018	New	-	-	1	1	1	ACHIEVED 1	The Internal Audit Charter was compiled and tabled to Council per item 378 on 03 October 2017	Opex	-			Council resolution Internal audit charter
56	Number of Internal Audit policies compiled and submitted to Council for approval by 30 th June 2018	New	-	-	1	-	1	ACHIEVED 1	The Internal Audit policies were compiled and tabled to Council per item 378 on 03 October 2017	Opex	-			Council resolution Internal Audit policies

KPI No.	Key Performance Indicator as Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Annual Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
STRATEGIC PRIORITY: Uphold good governance and public participation principles														
OBJECTIVE: Drive good governance and legislative compliance in all municipal processes														
57	Number of Internal Audit 2017/2018 quarterly reports compiled and submitted to Council for adoption by 30 th June 2018	New	-	-	4	-	2	ACHIEVED 2	The 3 rd Quarter Report was tabled on the 29 th May 2018 per item 154. The 4 th Quarter Report was tabled on the 03 rd October 2017 per item 379	Opex	-			Council resolution Quarterly report
58	Number of quarterly reports on functionality Ward Committee compiled and submitted to Council for adoption by 30 th June 2018	New	-	-	-	-	2	ACHIEVED 2	There are 45 functional ward committees, but the reports are tabled to the Speaker and the Department of Local Government and Human Settlement on a quarterly basis.	Opex	-			

3.65.2.5 Institutional Development and Transformation

KPI No.	Key Performance Indicator as Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Annual Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
STRATEGIC PRIORITY: Drive optimal municipal institutional development, transformation and capacity building														
OBJECTIVE: Develop and implement internal capacity model (institutional core and critical competencies, scarce skills, maintenance skills) that enhance institutional and external stakeholders' development communities and institutional capability														
59	Percentage of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan (Disabled 2% and Female 50%) by 30 June 2018.	3	2	Not achieved	2%	1%	1%	NOT ACHIEVED 0	Targets were not met for each quarter we were expected to appoint 18 disabled people which would amount to 72 persons with Disability.	Opex	-	Lack of disclosure from applicants.	Proposal to have certain positions to be ring-fenced for the targeted group and use a different approach when advertising.	RLM Equity Plan

KPI No.	Key Performance Indicator as Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Annual Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
STRATEGIC PRIORITY: Drive optimal municipal institutional development, transformation and capacity building														
OBJECTIVE: Develop and implement internal capacity model (institutional core and critical competencies, scarce skills, maintenance skills) that enhance institutional and external stakeholders' development communities and institutional capability														
60	Percentage of the municipality's operational budget spent on implementing the Workplace skills plan by 30 June 2018	95%	30.97%	Not achieved	30.97%	95%	95%	NOT ACHIEVED 89.6%	Budget R2 000 000 Exp R1793 000 89.6%			Non-availability or scarcity of service providers on some identified courses. The target was erroneously omitted.	A memorandum of understanding was signed with Orbit TVET College to provide training on the Workplace Skills Plan identified courses.	Expenditure report from BTO
61	Number of Workplace Skills Plan completed and submitted to Council for Approval by 30 June 2018	New	-	-	1	100%	1 x Workplace skills plan	ACHIEVED	The workplace Skills Plan was submitted to LG SETA on the 26 April 2018	R2m	R1 783 000	Legislation prescribes that the plan be submitted to LG SETA not tabling to Council.		Workplace skills plan Proof of submission to LG Seta

KPI No.	Key Performance Indicator as Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Annual Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Achieved/ Not Achieved					
STRATEGIC PRIORITY: Drive optimal municipal institutional development, transformation and capacity building														
OBJECTIVE: Develop and implement internal capacity model (institutional core and critical competencies, scarce skills, maintenance skills) that enhance institutional and external stakeholders' development communities and institutional capability														
62	Number of career and vocational guidance programmes implemented by 30 June 2018	New	-	-	-	4	2	ACHIEVED 2	Career guidance was implemented as part of the Workplace Skills Plan.			No plan was developed for career and vocational guidance programme	A programme on vocational guidance to be drawn and be monitored on a quarterly basis	List of employees on vocational guidance programme
63	Percentage completion of organisational restructuring	New	-	-	-	100%	100%	ACHIEVED 100%	The Organisational Structure was tabled at LLF on 08 May 2018.	Opex	-			Organisational structure
64	Percentage achievement of talent management and succession planning project plan	New	-	-	-	100%	100%	NOT ACHIEVED 0	No Plan was developed for Talent Management implementation	Opex	-	No Plan was developed for Talent Management implementation	A policy on talent management and succession planning to be drawn and be tabled to Council for approval.	Project plan

KPI No.	Key Performance Indicator as Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Annual Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Achieved/ Not Achieved					
STRATEGIC PRIORITY: Drive optimal municipal institutional development, transformation and capacity building														
OBJECTIVE: Develop and implement internal capacity model (institutional core and critical competencies, scarce skills, maintenance skills) that enhance institutional and external stakeholders' development communities and institutional capability														
65	Number of Health and Safety Programmes implemented by June 2018	New	-	-	4	2	2	ACHIEVED 2	30 inspections were conducted.	Opex	-	The annual target was erroneously omitted.		Programme; attendance register
66	Number of wellness programmes implemented by 30 June 2018	New	-	-	4	4	2	ACHIEVED 6	6 wellness programmes were conducted. Financial Literacy Training are implemented as awareness campaigns, educating employees on how to manage their finances.	Opex	-	The 3 rd quarter target to be zero.		Programme Attendance registers

KPI No.	Key Performance Indicator as Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Annual Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
STRATEGIC PRIORITY: Drive optimal municipal institutional development, transformation and capacity building														
OBJECTIVE: Develop and implement internal capacity model (institutional core and critical competencies, scarce skills, maintenance skills) that enhance institutional and external stakeholders' development communities and institutional capability														
67	Number of Human Resources (HR) Policies Developed and/or Reviewed by 30 June 2018	New	-	-	12	30	30	ACHIEVED 30	30 policies were reviewed with review of the organogram.					Reviewed policies

3.62.2.5 Spatial Rationale

KPI No.	Key Performance Indicator as Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Annual Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
STRATEGIC PRIORITY: Develop and sustain a spatial, natural and built environment														
OBJECTIVE: Accelerated delivery and maintenance of quality basic and essential services to all communities														
68	Number of portions of land acquired for human settlement by 30 June 2018	New	-	-	-	2	2 x portions of land acquired	ACHIEVED 3	A total of 3 properties have been identified in Farm Paardekraal 279 JQ and are to be donated to the Municipality by Anglo Platinum Mines Land parcels have been identified and submissions have been made to the Housing Development Agency.	R0.00 The portions were a donation from RPM.	-			Progress report Council resolution

KPI No.	Key Performance Indicator as Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Base line	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Annual Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
STRATEGIC PRIORITY: Develop and sustain a spatial, natural and built environment														
OBJECTIVE: Accelerated delivery and maintenance of quality basic and essential services to all communities														
69	Number of Spatial Development Framework reviewed by end of June 2018	New	-	-	-	100%	1 x SDF revised	ACHIEVED 1	The Inception Report was submitted and adopted on the 27th March 2018 per item 93.	R0.00 Funding is from the Housing Development Agency	-			Progress report Council resolution
70	Number of disposal agreement completed for Precinct plan project by 30 June 2018	New	-	-	-	7	7	NOT ACHIEVED 4	A total of four (4) lease agreements were signed. Seven (7) cooperatives have been allocated land for urban agriculture, one has yet to be legally established. Properties have been surveyed and pegged for agricultural activities in various townships and the information has been submitted to Directorate Local Economic Development.	Opex	-	Clients have not yet signed the Lease Agreements since there were recently prepared, but valuation of property still needs to be reviewed. Six (6) lease agreements are yet to be concluded.		Copies of the disposal agreements completed for precinct plan

KPI No.	Key Performance Indicator as Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Annual Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
STRATEGIC PRIORITY: Develop and sustain a spatial, natural and built environment														
OBJECTIVE: Accelerated delivery and maintenance of quality basic and essential services to all communities														
71	Number of housing units facilitated as part of Integrated Residential Development Programme in Dinie Estates by 30 June 2018	New	-	-		170	60	ACHIEVED 122	A total of 122 Houses were completed and handed over to rightful beneficiaries.	Funded by the Provincial Government				Copy of Completion Certificate

KPI No.	Key Performance Indicator as Revised during 2017/18 Mid-Year	Previous Financial Year 2016/2017			Baseline	Financial Year Under Review 2017/2018				Budget	Expenditure	Reasons for Performance Variance	Measures taken to improve performance	Means of Verification (POE)
		Annual Target	Actual Performance	Achieved/ Not Achieved		Original Annual Target	Revised Target	Actual Performance						
								Achieved/ Not Achieved	Status					
STRATEGIC PRIORITY: Develop and sustain a spatial, natural and built environment														
OBJECTIVE: Accelerated delivery and maintenance of quality basic and essential services to all communities														
72	Number of housing units facilitated as part of Integrated Residential Development Programme in Yizoyizo Boitekong by 30 June 2018	New	-	-		170	170	ACHIEVED 289	A total of 289 Houses were completed and handed over to rightful beneficiaries.	Funded by the Provincial Government				Copy of Completion Certificate
73	Percentage of external queries responded to within the required timeframe by 30 June 2017							Duplication of KPI 51						

3.62.3 ASSESSMENT OF THE PERFORMANCE OF SERVICE PROVIDERS FOR 2017/18

No.	Service Provider	Name of project	SLA signed		Start Date	Completion Date	Specs met		Status/Actual Performance
			Yes	No			Yes	No	
1	ARG Architects	Construction supervision and design for stations	Yes		01/01/2016	31/07/2018	Yes		Project was Section 32 appointment ending in Oct 2018
2	Atlegang Waterproofing	Waterproofing of concrete roofs	Yes		01/04/2016	01/05/2019	Yes		Active
3	Bigen Africa	Engineers on the construction of feeder routes and bus stops	Yes		10/10/2015	30/06/2018	Yes		Contractor performing well
4	Bonamoiloa Construction	Supply, delivery and installation of bulk filer	Yes		22/05/2018	19/07/2018 (payment date)	Yes		- Seven-day advert placed and only order issued - Goods supplied and installed, warranty provided, and service provider paid
5	Diges Group	Diges group Appointment of a panel of Consulting Engineers for various municipal infrastructure projects for a period of three years: - Extension and Refurbishment of municipal libraries	Yes		14/03/2018	14/09/2018	Yes		- Still in progress - Due to delays in appointment of a contractor for outstanding projects on the 13th August the project's completion is anticipated for 14 November 2018 - Consultant to submit extension requirement letter
6	DKPB	Mathopestad Water Supply Phase 3	Yes		01/03/2018	30/08/2018	Yes		Monthly Contract Monitoring Meeting

No.	Service Provider	Name of project	SLA signed		Start Date	Completion Date	Specs met		Status/Actual Performance
			Yes	No			Yes	No	
7	FOT Consulting	Taxi Industry Technical Advisors	Yes		01/07/2015	31/03/2019	Yes		Project delayed- Project extended by time to Sep 2018
8	Glad Africa Consulting	Project management for the RRT	Yes		01/05/2015	30/04/2019	Yes		Contractor performing well
9	Itumeleng Air Conditioning	Installation, removal, maintenance and repairs of air conditioning at Rustenburg Public Library	Yes		18/06/2018	30/07/2018 (30-day project)	Yes		- Project completed and functional, warranty provided, and Service Provider paid
10	Kabelo Monong	Refurbishment of Rustenburg Public Library	Yes		29/06/2018	29/08/2018	Yes		- Project still ongoing - Challenges experienced on some of the specifications unpacked but Consulting Engineers addressing the matter to ensure compliance - Only Special Conditions of Contract, Form of offer and Appointment letter were mentioned as requirements
11	Kanana Transport Project	Road Marking	Yes		01/10/2017	30/09/2019	Yes		Contractor performing well
12	Katlego Baphiring	Wet refuse collection	Yes		01/04/2016	31/03/ 2019	Yes		Ongoing
13	Khabokhedi Waste Management	Operation and Maintenance of Waterval Landfill Site	Yes		01/09/2017	31/08/2020	Yes		Ongoing
14	Mabotwane	Security Services	Yes		01/08/2015	31/07/2018	Yes		Active
15	Magalies Water	Bulk Water Supply	Yes		01/07/2017	30/0/2018	Yes		Quarterly Contract Monitoring Meeting

No.	Service Provider	Name of project	SLA signed		Start Date	Completion Date	Specs met		Status/Actual Performance
			Yes	No			Yes	No	
16	Marata Go Bonwa	Maumong Water Supply	Yes		01/03/2018	31/07/2018	Yes		Monthly Contract Monitoring Meeting
17	Mawakawaka	Lekgalong Water Supply Phase 3	Yes		01/03/2017	30/06/2018	Yes		Monthly Contract Monitoring Meeting
18	MCivils (Pty)(Ltd)	Construction of Roads & station sub-structures	Yes		01/10/2016	30/09/2018	Yes		Contractor performing well. Contract ending in Sep 2018.
19	MK khum Elevh JV	Mathopestad Water Supply Phase 3	Yes		03/2017	31/07/2018	Yes		Monthly Contract Monitoring Meeting
20	MLO Investment	Rankelenyane Water Supply	Yes		01/03/2018	30/08/2018	Yes		Monthly Contract Monitoring Meeting
21	MMT Projects	Supply and Management of Traffic Offences with lease of Camera Enforcement Equipment	Yes		02/02/2018	01/02/2021	Yes		Active
	MNS Attorneys	Technical advisors for the RRT Project	Yes		01/05/2015	30/04/2019	Yes		Contractor performing well
23	Odobo trading	Refurbishment of Tlhabane Library	Yes		19/06/2018	19/09/2018	Yes		- Project completed, and completion certificate issued on the 27th August 2018 with only payment to contractor outstanding
24	Orbit TVET College	Implementation of Workplace Skills Plan	Yes		13/10/2017	2019/20 – 20/20 financial year	Yes		Ongoing
25	OSHEQS Health and Safety Solutions (Pty) Ltd	Medical Surveillance	Yes		24/10/2017	24/10/ 2020	Yes		Active / On-going

No.	Service Provider	Name of project	SLA signed		Start Date	Completion Date	Specs met		Status/Actual Performance
			Yes	No			Yes	No	
26	Paballo Multi Tech Solutions	Refurbishment of Karlienpark Library	Yes		20/06/2018	20/09/2018	Yes		- Project completed, and completion certificate issued on the 27th August 2018 with outstanding payment to contractor.
27	Paballo Multi Tech solutions	Installation of security systems (CCTV at Rustenburg Library)	Yes		20/06/2018 (installation date)	24/07/2018 (payment date)	Yes		Project due for completion with handover expected before 06 September 2018.
28	Paballo Multi Tech solutions	Supply and delivery of water coolers for the 14 libraries	Yes		25/05/2018 (order date)	19/07/2018 (payment date)	Yes		- Seven-day advert placed and only order issued - Goods supplied and installed, warranty provided, and service provider paid
29	PayDay	PayDay Software training		No	12/04/2018	13/04/2018	Yes		Complete
30	Prime Safety Solutions	Maintenance of fire extinguishers	Yes		01/04/2016	01/05/2019	Yes		Active
31	Randwater	Bulk Water Supply	Yes		01/07/2017	30/06/2018	Yes		Joint Technical Meetings
32	Rise Now Trading	Water Conservation and Water Demand Management	Yes		05/02/2018	04/02/2021	Yes		Monthly Contract Monitoring Meeting
33	Schindler Lifts	Maintenance of Lifts	Yes		23/05/2017	23/06/2019	Yes		Deviation was made on the 23rd May 2017 as the service provider is a Sole supplier.

No.	Service Provider	Name of project	SLA signed		Start Date	Completion Date	Specs met		Status/Actual Performance
			Yes	No			Yes	No	
34	Service integration	Installation of telephone connection and equipment at Rustenburg East End	Yes		17/05/2018 (installation date)	27/06/2018 (payment date)	Yes		- Current Municipal contract with Service Integration was used to procure the services - Project completed and functional with completion certificate, check list and service provider paid with warranty provided
35	Solve M Consulting	Financial and business planning for the RRT	Yes		01/05/2015	30/04/2019	Yes		Contractor performing well
36	Strat Align (Pty) Ltd	Independent facilitators for the negotiations	Yes		10/01/2016	31/03/2019	Yes		Contractor performing well
37	Trems Masilo, Katlego Baphiring, Loapi Investment, L&B Procuring and Services, No Regret Tenbosch	Supply and Delivery of Water Material as in when necessary	Yes		25/05/2018	24/05/2021	Yes		Water Material ordered as and when needed.
38	Tsholanang Lethabile	Refurbishment of Boitekong Library (external)	Yes		20/06/2018	20/09/2018	Yes		- Project due completion and handover to be on 27th August 2018.
39	Tumisang projects	Extensions of: - - Phatsima Library - Monnakato Library - East End Library	Yes		13/08/2018	14/11/2018	Yes		- Service provider appointed on the 13th August 2018 and projects completion envisaged for the 13th November 2018 - Site handovers scheduled for 29th August 2018 with appointment of CLOs process underway

No.	Service Provider	Name of project	SLA signed		Start Date	Completion Date	Specs met		Status/Actual Performance
			Yes	No			Yes	No	
									- Only Special Conditions of Contract, Form completed.
40	UMSO Construction	Construction of Roads & station sub-structures	Yes		01/10/2016	30/09/2018	Yes		Contractor performing well. Project ending in Sep 2018.
41	Vexoscore (PTY) LTD	Development of Fire and Rescue Master Plan	Yes		09/04/2018	30/09/2018	Yes		70% Completed
42	White Leopard	Security Services	Yes		01/08/2015	31/07/2018	Yes		Active
43	Zookie Construction	Lekgalong Water Supply Phase 4	Yes		01/03/2018	30/08/2018	Yes		Monthly Contract Monitoring Meeting
44	FUJITSU	Financial system	Yes		25/04/2018	24/04/ 2019			License fee is active. Performance was at 100%
45	TPM VTO (PTY) Ltd	Financial system	Yes		25/04/18	31/03/2018			Performance at 60%
46	CAMAP Technologies	Financial system	Yes		0/04/2018	31/03/2019			Ongoing
47	VESTA	Financial system	Yes		01/08/2016	31/08/2019			Terminated in May 2018
48	Bonakude	High level Review of Annual Financial Statement	Yes		01 June 2017	01 May 2020			Ongoing
49	Makgosi	Credit Control and debts Collection	Yes		01/06/2016	31/05/2019			Ongoing
50	NMS Management Solutions	Debt Collection	Yes		01/12/2017	30/11/2020			Ongoing

No.	Service Provider	Name of project	SLA signed		Start Date	Completion Date	Specs met		Status/Actual Performance
			Yes	No			Yes	No	
51	Kunene Rampala	Debt collection	Yes		01/12/2017	30/11/2020			Ongoing
52	Pisces Outsourcing	Debt collection	Yes		01/12/2017	30/11/2020			Ongoing
53	Modlhopa Attorneys	Debt collection	Yes		01/12/2017	30/11/2020			Ongoing
54	RM Attorneys	Debt Collection	yes		01/12/2017	30/11/2020			Ongoing
55	Thaw Construction TTH Lekgatlhiso	Meriting Roads & Stormwater Ward 18 Phase 4	Yes		04/08/2018	30/09/2018	Yes		Construction 100%
56	Marata Go Bonwa	Tsitsing Roads and Stormwater Drainage	Yes		17/01/2018	31/08/2018	Yes		Construction 98%
57	Marata Go Bonwa	Phatsima Roads and Stormwater Drainage Phase 5	Yes		17/04/2018	30/09/2018	Yes		Construction 98%
58	Tshidaho	Maumong Roads & Stormwater Drainage	Yes		Retention		Yes		Construction 100%
59	MPJ Nice	Rasimone Internal Roads & Stormwater	Yes		13/03/2018	14/09/2018	Yes		Construction 70%

No.	Service Provider	Name of project	SLA signed		Start Date	Completion Date	Specs met		Status/Actual Performance
			Yes	No			Yes	No	
60	MPJ Nice	Robega Internal Roads & Stormwater	Yes		03/10/2018	25/05/2018	Yes		Construction 70%
61	Modula Odira	Chaneng Internal Roads & Stormwater	Yes		Terminated		Yes		Terminated
62	Thaw Construction	Tlaseng Roads and Stormwater Drainage System	Yes		03/10/2018	21/05/2018	Yes		Construction 100%
63	Lekgatlhiso Construction	Upgrading and Construction of Internal Access Roads in Kanana Phase 2	Yes		14/11/2017	19/04/2018	Yes		Construction 70%
64	Sue Phalane	Freedom Park Ward 24 Roads and Stormwater Drainage	Yes		24/04/2018	14/11/2018	Yes		Completed 50%
65	Marata Go Bonwa	Mafenya Internal Roads & Stormwater	Yes		Retention		Yes		Completed 100%
66	Tshidaho	Phokeng Ward 5 Roads and Stormwater Upgrading	Yes		Retention		Yes		Completed 100%

No.	Service Provider	Name of project	SLA signed		Start Date	Completion Date	Specs met		Status/Actual Performance
			Yes	No			Yes	No	
67	Tshidaho	Phokeng Ward 6 Roads and Stormwater Upgrading	Yes		Retention		Yes		Construction 100%
68	MLO & Lekgatlhis	Macharora VIP Toilets	Yes		04/12/2017	05/03/2018	Yes		Construction 100%
69	DKPB	Upgrading of the Western Bulk Sewer Lines	Yes		10/05/2018	09/11/2018	Yes		Construction 39%
70	Raubex / Alula	Upgrading of Boitekong Waste Water Treatment Works	Yes				Yes		Construction 40%
71	MLO	Replacement of Tlhabane AC Sewer Bulk Line	Yes		18/05/2018	28/09/2018	Yes		Construction 15%
72	Sue Phalane	Upgrading of the Monnakato Waste Water Treatment Works	Yes		15/05/2018	21/11/2018	Yes		Construction 30%
73	Ultimate	Upgrading & Extension of the Bospoort water Treatment Plant	Yes		03/07/2018	18/01/2019	Yes		Construction 35%
74	Not yet appointed	Construction of Bospoort Bulk Water Pipeline	Yes				Yes		Construction 65%

No.	Service Provider	Name of project	SLA signed		Start Date	Completion Date	Specs met		Status/Actual Performance
			Yes	No			Yes	No	
75	MLO & Masengaona	Refurbishment of Bulk Line & Tlhabane Water AC replacement	Yes		26/03/2018	25/03/2019	Yes		Construction 5%
78	TTH Invasion	Marikana Waste Transfer Station Construction	Yes		12/01/2018	15/12/2018	Yes		Construction 45%
79	Masedi Electrical	Installation of High Mast Light in Mosenthal/Ikageng Phase 2	Yes		04/01/2018	21/09/2018	Yes		Completed 100%
80	Rebaone	Installation of High Mast Light in Kanana	Yes		04/01/2018	21/09/2018	Yes		Completed 100%
81	Rebaone	Installation of High Mast Light in Robega	Yes		04/01/2018	21/09/2018	Yes		Completed 95%
82	Rebaone	Installation of High Mast Light in Rankelenyane	Yes		Retention		Yes		Completed 100%
83	Rebaone	Installation of High Mast Light in Tlapa	Yes		Retention		Yes		Completed 100%
84	Afrika Related	Installation of High Mast Light in Thabaneng	Yes		Retention		Yes		Completed 100%

No.	Service Provider	Name of project	SLA signed		Start Date	Completion Date	Specs met		Status/Actual Performance
			Yes	No			Yes	No	
85	Rebaone	Installation of High Mast Light in Serutube	Yes		Retention		Yes		Completed 100%
86	Rebaone	Installation of High Mast Light in Lesung	Yes		Retention		Yes		Completed 100%
87	Rebaone	Installation of High Mast Light in Mabitse	Yes		Retention		Yes		Completed 100%
88	Rebaone	Installation of High Mast Light in Mafika	Yes		Retention		Yes		Completed 100%
89	Afrika Related	Installation of High Mast Light in Maumong	Yes		Retention		Yes		Completed 100%
90	Rebaone	Installation of High Mast Light in Vergenoeg	Yes		Retention		Yes		Completed 100%
91	Rebaone	Installation of High Mast Light in Lekojaneng	Yes		Retention		Yes		Completed 100%
92	Thaw Construction TTH Lekgatlhiso	Meriting Roads & Stormwater Ward 18 Phase 4	Yes		04/01/2018	30/09/2018	Yes		Construction 100%

CHAPTER 4:

ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

TABLE 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Directorate	Division	No of posts	No Employees	Vacancies
Community Development	Director & Admin Support	6	5	1
	Community Facilities	590	272	318
	Libraries & Information Serv.	90	51	39
	Waste Management	316	162	154
	Integrated Environmental Mang	4	4	0
	Civil Facilities & Maintenance	33	31	2
	Sub-Total	1039	525	514
	Director & Admin Support	5	4	1
Corporate	Human Resources	46	25	21
Support Services	Information Technology	26	11	15
	Admin Support Services	44	26	18
	Occupational Health & Safety	27	9	18
	Sub-Total	148	75	73
	Director & Admin Support	10	7	3
Infrastructure Services	Electrical Engineering	297	113	184
	Mechanical Engineering	72	35	37
	Water and Sanitation	500	163	337
	Sub-Total	879	318	561
Planning	Director & Admin Support	10	6	4
	Building Control & Regulations	16	12	4
	Development Planning	29	21	6
	Unit Housing	23	27	-4
	Estate Admin & Land Sales	15	7	8
	Sub-Total	93	73	20
Public Safety	Director & Admin Support	9	6	3
	Emergency & Disaster Mang.	325	61	264
	Licensing & Testing	107	63	44
	Traffic Services	362	99	263
	Law Enforcement	128	91	37
	Sub-Total	931	320	611

Directorate	Division	No of posts	No Employees	Vacancies
Budget and Treasury				
	CFO & Admin Sup	5	3	2
	Revenue & collection	87	30	57
	Billing	61	35	26
	Financial Management	51	29	22
	Financial Control	23	17	6
	Intern National Treasury		7	
	Supply Chain Management	51	23	28
	Sub-Total	278	144	134
Local Economic Development	Director & Admin Support	5	4	1
	Trade & Invest/Rural Dev	12	3	9
	Economic Research & Policy	9	3	
	Enterprise Development	17	5	12
	Sub-Total	43	15	28
Office of the Municipal Manager	MM & Admin Support	10	7	3
	Strategy & Planning	9	7	2
	Project Management	25	8	17
	Legal & Valuation	10	5	5
	Auditing	8	6	2
	Risk Management	4	2	2
	Corporate Pool	3	0	3
	RCC Offices	39	21	18
	Customer Care	57	26	31
Sub-Total	165	82	83	
Rustenburg Rapid Transport	Director & Admin Support	10	4	6
	Roads & Stormwater	228	176	52
	Intern RRT (3 yr. contract)	10	0	10
	Sub-Total	248	180	68
Office of the Executive Mayor	Admin Support Services	14	11	3
	Mayoral Admin Officer	10	9	1
	Communication	5	4	1
	Intergovernmental Relations	3	2	1
	Special Projects	7	4	3
	VIP Protection Services	4	3	1
	Monitoring & Evaluation	6	3	3
Office of Chief Whip	Admin Support Services	9	5	4
Office of the Speaker	Sub-Total	58	41	17
	Sub-Total	22	11	11
	TOTAL	3904	1784	2120

Table 4.2 Vacancy Rate = 45.31%

Vacancy Rate: 2017/18				
No	Designations	No. of approved posts	No. of vacancies	Vacancy Rate (%)
1	Municipal Manager	1	0	0
2	Chief Operations Officer	0	0	0
3	Chief Financial Officer	1	1	100
4	Other section 57 Managers	14	11	79
5	Senior Management	84	64	76
6	Professionals	400	103	26
7	Skilled people	1900	656	35
8	Semi-skilled people	420	210	50
9	Unskilled	1084	724	67
TOTALS		3904	1769	45.31

Table 4.3 Turn-over Rate

Turn-over Rate			
Period	No. of Employees as at the beginning of the financial year	No of terminations during the financial year	Turnover Rate*
2013/2014	1 646	88	5.3
2014/2015	1 784	206	11.5
2015/2016	1 735	64	3.6
2016/2017	1 838	107	5.8
2017/2018	1 753	67	3.8

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 structure was approved after a review process that was led by Deloitte. Performance management will be cascaded to the lowest level of the organisation.

4.2 POLICIES

No.	Title of Policy	% Completion	% Reviewed	Date of Approval by Council	Brief Description of Policy
1	Transport Allowance Policy	0%	LLF		Referred back at LLF January 2017
2	Standby and overtime policy	0%	LLF		Referred back at LLF January 2017
3	OHS Policy	0%	LLF		Compliance to Health and Safety Regulations
4	Cell phone and data Policy	0%	LLF		Provision of tools of trade for officials to enable them to perform work diligently
5	Records Management Policy	0%	LLF		Safe keeping and management of Council records

4.3 PERFORMANCE REWARDS

The Employee Performance Management System is currently being implemented with regard to the Municipal Manager, Section 56 Managers, unit and section managers. Council approved a PMS Policy in May 2018 to cascade performance management to all levels in the organisation.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.4 SKILLS DEVELOPMENT AND TRAINING

COMPONENT D: MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

Introduction

The Training and Development 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. 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 and the Annual Training Report to the Local Government Sector Education and Training Authority (LGSETA) by the end of April each year.

Bursaries awarded to Employees:

The Rustenburg Local Municipality awards bursaries to employees who studied courses linked to the RLM objective and in line with the national government's priorities: Accounting Science, Public Management, Internal Auditing, Real Estate, Safety Management, Town and Regional Planning, Road Traffic

Management, BC: Commerce Management, BA: Human and Social Studies, Human Resource Management, BD: Law, BD: Administration, BC: Communication.

NUMBER OF EMPLOYEES ENROLLED	BUDGET	AMOUNT SPEND
85	850 000.00	688 055.85

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 Programmes and other short courses			
Budget	Expenditure	%	Number of employees trained
1 800 000.00	1 516 476.76	84%	496

COURSE ATTENDANCE: 01 JL
30 JUNE 2018

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										African		Coloured		Asian		White			
				BT O	LED	PHS	PS	CD	TIS	R RT	DCS	MM	EXC	M	F	M	F	M	F	M	F		
OD ETDP (Africa Competency)	03/08/2017	T The be	HR																				
Renewal of Licences - Grader	01/08/2017	Ste mm er I S	Roads								1					1							
		Mo kol o M R	Roads									1					1						
		Tau TT	Roads									1					1						

Mtimande &
Associates
(Pty)Ltd

Mr Glen
Mdangwe

Kapari D V T	Roads							1				1							
April A K	Roads							1				1							
Ngcobo N H	Roads							1					1						
Lebesse J N	Water						1					1							
Mai la M M	Waste						1					1							
Wieneke J F	Roads																		1
Matshaba T	Roads																		1

		Diamond TH	Roads							1				1						
		Gumede SL	Roads							1				1						
		Podile ST	Roads							1				1						
Renewal of Licences -	01/08 /2017	Stemmer IS	Roads							1				1						
Front-end Loader		Mokol OMR	Roads							1				1						
		Tau TT	Roads							1				1						
Mtimande & Associates (Pty)Ltd		Kapari DVT	Roads							1				1						

Mr Glen
Mdangwe

Apr il A K	Roads							1				1							
Ngc obo N H	Roads							1					1						
Mai la M M	Waste					1						1							
Mat sha ba T	Roads							1					1						
Dia mo nd T H	Roads							1				1							
Gu me de S L	Roads							1				1							
Pod ile S T	Roads							1				1							

		Nok wa ne L M	Parks					1						1						
		We ssel G J	Waste					1						1						
		Mo tlha ke E S	Roads							1				1						
		Nq uny evi R N	Roads							1				1						
		Mo dise L S	Waste											1						

COU RSE ATT END ED	DATE	NAME	DIVISI ON	DIRECTORATES	African	Coloured	Asian	White	
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				BT O	LE D	PHS	PS	C D	TIS	RRT	DCS	MM	EXC	M	F	M	F	M	F	M	F	
Ren ewa l of Lice nces -	01/08 /2017	Modis e L S	Waste						1					1								
Bob -Cat & Skid Stee r Loa der		Maila M M	Waste						1					1								
Mr Gle n Md ang we		Mosw ai S M	Waste						1						1							
Mti man de & Ass		Wesse l G J	Waste						1						1							

ocia tes (Pty)Ltd																			
Ren ewa l of Lice nces -	01/08 /2017	Stem mer I S	Roads						1				1						
TLB		Mokol o M R	Roads						1				1						
		Tau T T	Roads						1				1						
Mti man de & Ass ocia tes (Pty)Ltd		Kapari D V T	Roads						1				1						
		April A K	Roads						1				1						

Mr Glen Mdangwe		Ngcobo N H	Roads						1											
		Maila M M	Waste					1							1					
		Diamond T H	Roads							1					1					
		Gumede S L	Roads							1					1					
		Podile S T	Roads							1					1					
		Weseli G J	Waste					1							1					
		Motlhake E S	Roads							1					1					
		Modise L S	Waste					1							1					
		Monnapula M G	Parks						1						1					

		Rama wela K E	Electri cal						1					1					
		Majan g P L	Electri cal						1					1					
		Nkoe J I	Parks					1						1					
		Stols A	Electri cal						1									1	
		Lebes e J N	Water						1					1					
		Ngobe za M I	Water						1					1					
		Mokga tlhane N P	Water						1					1					
Truc k Mo unt ed Cra ne	01/08 /2017	April A K	Roads							1				1					

Mti man de & Ass ocia tes (Pty)Ltd	Mr Gle n Md ang we	Diamo nd T H	Roads						1				1							
		Gume de S L	Roads							1				1						
		Maila M M	Waste					1						1						
		Majan g P L	Electri cal						1					1						
		Modis e L S	Waste						1					1						
		Motlh ake E S	Roads								1				1					

		Nkopa ne I K	Roads							1				1								
		Nokw ane L M	Parks						1					1								

COURSE ATTENDE D	DATE	NAME	DIVISION	DIRECTORATES										African		Coloured		Asian		White		
				BTO	LE D	PHS	PS	CD	TI S	R RT	DCS	MM	EXC	M	F	M	F	M	F	M	F	
Truck Mounted Crane	01/08 /2017	Ramawel a K E	Electrical						1						1							
Mtimande & Associates (Pty)Ltd		Stols A	Electrical						1												1	
Mr Glen Mdangwe		Wessel G J	Waste					1								1						
Project Managem ent	20- 22/11 /2017	T Morwane	Admin Support										1		1							

Orbit TVET College		S Nawa	Estates			1							1							
		B Matlapeng	Sport & Recreation				1							1						
		T Tshinangwe	Sport & Recreation				1								1					
		Mr Kuda Machemede	K Mphahlele	Traffic Services				1							1					
		E Segaloe	Traffic Services				1							1						
		T Mogano	Traffic Services			1								1						
		L Morake	Tlhabane RCC							1				1						
		M Masheke	Civil Facilities				1								1					
Ethics In Municipal	20-22/11/2017	Nong A	Testing & Lic.				1							1						
Environm ent		Motswale SBP	Water Services						1					1						

Orbit TVET College	Simelane WO	Water Services						1					1						
	Mpamba ni L	Auditing								1				1					
	Sedumedi E	Auditing								1				1					
	Lethoko M	Auditing								1				1					
	Raditladi OE	Library					1							1					
	Matsemel a M K	Waste					1							1					
	Bogosi MR	Housing			1									1					
	More NJV	Housing			1									1					
	Nakedi TM	Customer Care									1				1				
	Rakoma LRM	OHS									1				1				
	Setshogo e MM	OHS													1				

		Bele PS	Civic Centre					1					1						
Office Administration	22/11/2017	Molope M F	Phatsima RCC							1			1						
Orbit TVET College		Molamu G	Admin						1				1						
		Kungu	Admin											1					
		M Moagi	HR							1				1					
		M Letshwiti	Admin							1					1				
		Magano L	Admin					1							1				
		Moleme I N	Admin					1								1			
		Mogakwe	Admin					1								1			
	Lekwape M	Admin				1										1			

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										Africa n		Coloured		Asian		Whit e				
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F			
Office Administration Orbit TVET College	22/11/2017	S Ramotswatlhaba	Admin			1											1							
		T Mpshe	Roads						1						1									
		Mosobe M	Roads						1															
Prepare and Analyse Financial Reports Orbit TVET College Mr Kuda Machedmedze	22-24/11/2018	D Nel	Councillors											1								1		
		L Tosi	Councillors												1		1							
		M Omanjee	Councillors												1							1		
		P. Bothomane	Councillors												1	1								
		L Kodongo	admin Support												1									
		M.C Tlhaheseng	Admin Support												1	1								
		L Makgorogo	Admin Support												1		1							

Assets Management	27-28/11/2018	Phetla S	Admin Support					1						1						
Orbit TVET College Mr Simba Charamba		Kuntelepano B	Admin Support							1				1						
		Makgopela C	Admin Support				1								1					
		Lesomo T	Assets	1											1					
		Sedumedi E	Auditors	1											1					
		Mokgatla J	Admin Support		1										1					
		Nkuna M	Assets	1												1				
		Manyaka L	Assets	1												1				
		Mpambani L	Auditors										1			1				
		Lethoko M	Auditors										1			1				
		Mphela M	Civic Centre					1								1				
		Ntshekang L	Admin Support							1							1			
		Dintwe Meisie	Civic Centre							1						1				
First Aid Level 1-2	27-28/11/2017	Mogudi S	Waste							1					1					

Orbit TVET College Mr Elias Sekgojane	Tshinangwe R C	Halls						1							1					
	Setsibe I	Water						1							1					
	Makhutle G	OHS									1				1					
	Baepanye M	Electrical						1							1					
	Pule K	Water						1							1					
	Ramotebele P	Mechanical						1							1					
	Mokwena T	Water						1							1					
	Seroto P W L	Electrical						1							1					
	Thabane B M	Sanitation						1							1					
	Maselo L	Mechanical						1							1					
Orbit TVET College	Phetheni S	Electrical						1						1						

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										Africa n		Colour ed		Asia n		Whit e			
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F		
First Aid Level 1-2 Orbit TVET College Mr Elias Sekgojane	27-28/11/2017	Phetoane R M	Roads							1					1								
		Lefsine J K	Roads							1							1						
		Raseapei H M T	Roads								1							1					
First Aid Level 3 Orbit TVET College Mr Elias Sekgojane	27-28/11/2017	Mogudi S	Waste						1							1							
		Tshinangwe R C	Halls				1										1						
		Setsibe I	Water						1							1							
		Makhutle G	OHS									1				1							
		Baepanye M	Electrical						1							1							
		Pule K	Water						1							1							
		Ramotebele P	Mechanical							1						1							
		Mokwena T	Water							1							1						
Local Economic Development	27-29/11/2018	N Sekgetho	Admin		1											1							
		K Mekgwe	Admin		1										1								

Orbit TVET College Ms Dimakatso Babe		T Lekgethiso	Admin		1								1					
		D Moji	Admin		1								1					
		L Ndou	Admin		1									1				
		P Modisane	Admin		1									1				
		K Ndlovu	Admin		1									1				
End-User Training Orbit TVET College	28/11/2017	M Moreki	Admin Support				1						1					
		M Kotu	Library											1				
		SD Mataboge	Library				1							1				
		IP Mofokeng	Library				1							1				
		T Mosetlhanyane	Waste				1							1				
		T Matlapeng	Waste				1							1				
		M Senne	Old Town Hall				1							1				
		Mosuwe K	Civic Centre				1							1				
Supervisor Skills	29/11-01/12/2018	S Lolwane	Community Halls				1						1					
		M Chauke	Community Halls											1				

Orbit TVET College	P Sindane	Sports & Recreation						1							1						
	S Motshegwa	Sports & Recreation						1							1						
	L Mafoko	Parks						1							1						
	J Mathe	Parks						1							1						
	T Raborifi	Roads							1						1						
	S Maithufi	Achieves									1				1						
	J Manthata	Admin Support									1					1					

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										Africa n		Coloure d		Asian		Whit e		
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F	
Supervisor Skills Orbit TVET College	29/11-01/12/2018	T Senosi	HR									1			1							
		M T Mabe	HR									1					1					
		K Makgalemel e	Stores	1												1						
Customer Care Orbit TVET College Ms Tatemda Gwenjere	04-06/12/2017	K Sikwe	Traffic Admin				1									1						
		B Legodi	Traffic Admin				1										1					
		M Mmolai	Admin Support									1					1					
		M Ngwenya	Admin Support									1					1					
		F Mekgwe	Admin Support									1					1					
		T Moholeng	Admin Support									1					1					
		T Molatlou	Financial Mng									1				1						
		S Molete	Admin Support			1									1							
Legislation	04-06/12/2017	D Nel	Councillors										1								1	

Orbit TVET College Mr Kuda Machemedze		L Tosi	Councillors											1		1								
		P. Bothomane	Councillors												1	1								
		L Kodongo	admin Support												1									
		M.C Tlhareseng	Admin Support												1	1								
		L Makgorogo	Admin Support												1		1							
Basic Electricity	13-15/12/2017	N Lewisa	Civil Facilities					1								1								
Orbit TVET College		G Modise	Community Facilities					1									1							
		J Letupu	Housing			1											1							
		S S Ntlane	Electrical Eng.					1										1						
Mr Isaiah Mofokeng		E Raditladi	Electrical Eng.					1									1							
		M R Gumede	Electrical Eng.					1										1						
Conflict Management	5-7/12/2017	Tshukudu K	Sport & Rec					1									1							
Orbit TVET College		Majoko K C	Parks					1											1					
		Khumalo S J	Parks					1											1					
		Mogakabe G	Parks					1												1				

Mr Artwell Mudzi	Chauke M	Civic Centre					1												
	Mphela M	Civic Centre					1												
	Mosuwe K	Civic Centre					1												
	Ramorula T T	Electrical Services						1						1					
	Matsioloko L M	Electrical Serv							1						1				
	Wolmarans N L	Housing				1													

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										Africa n		Coloured		Asian		White		
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F	
Brick Laying Orbit TVET College Frans Mphaka	13- 15/12/2017	Motlhanke E S	Roads								1				1							
		Maledu S	Roads								1				1							
		Maledu i	Roads								1				1							
		Molotsi I G	Roads								1				1							
		Mosime A V	Roads								1				1							
		Banda	Roads								1				1							
		Mthini A	Roads								1				1							
		Kgasu J	Roads								1				1							
		Makwakwa A	Roads								1				1							
		Mphatswane GG	Roads								1				1							
Molokoane S G	Roads								1				1									
Monitoring and Evaluation	13- 15/12/2017	L Magale	PMS										1			1						

		Rakoma L R M	HIV/AID S								1			1					
Orbit TVET College		B Mpipi	Roads							1				1					
		Moatshe M B	Roads							1				1					
		Suze T C J	Librarie s					1						1					
		Khunou M I	Waste					1						1					
		Shingange R D	Waste											1					
		Ramorula G T	Housing			1								1					
		Jugmohan T	Fin Mng	1														1	
		Moopelwa M G	IDP									1			1				
		Yabo T T													1				
Plumbing Level 1 Orbit TVET College	13- 15/12/2017	B R Mosimane	Revenu e	1										1					
		J L Pule	Revenu e	1										1					
		B Babeile	Water						1					1					
		K Pule	Water						1					1					
		B B Kgomo	Water						1				1						

		K B Maponyane	Water						1					1						
		T Maulane	Water						1					1						
		A M Motlokoa	Water						1					1						
		T J Tserema	Water						1					1						
		L J Rhini	Water						1					1						
		T Mokhutshwane	Water						1					1						
		J T Nkaiseng	Water						1					1						
		K J Motshegwa	Water						1					1						

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										Africa n		Coloure d		Asian		Whit e	
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F
Plumbing Level 1 Orbit TVET College	13-15/12/2017	J Mokgatla	Water						1						1						
		J Kibinyane	Sport & Rec					1							1						
		S Loloane	Hall					1							1						
SHE Representative	20-21/11/2017	Mokgosi M	Admin Support					1								1					
		Phetheni S	Electrical						1						1						
		Moatshe H	Electrical						1						1						
		Letsholo C D	Machanical						1							1					
		Pule K	Water						1						1						
		Seroto P W L	Electrical						1								1				
		Weyi P M	Traffic				1										1				
		Mpuru M M	Traffic				1										1				
		Molusi D	Legal Service										1		1						
		Folokwe C	Hall					1								1					

		Pule I	Community fac					1							1				
		Mosuwe K	Community fac					1						1					
		Martiens D	Emer&disaster				1												1
		Monareng R	Community fac											1					
		Selesanyeng Y	Traffic												1				
		Majoko K	Community fac					1							1				
		Ramokoka L	Community fac					1							1				
		Ntswe B R	Regional Com Cen								1				1				
		Dikgang J	Regional Com Cen								1				1				
		Moatshe R	Electrical												1				
		Baepanye M	Electrical						1						1				
		Diale R M	Hall					1							1				
		Rakubane S	Regional Com Cen									1			1				
		Sithole K	Dev planning			1									1				
		Ramotswatlhaba S	Building control			1									1				

		Zimba G	Intergrated Environ						1						1						
		Khunou B	Admin Support								1					1					
		Maboke R	IT								1					1					
		Phetoane M	Roads&Storm							1						1					
		Liefsine J	Libraries													1					
		Raseapei T	Roads&Storm							1							1				
		Pilane M S	Customer Care									1					1				

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										Africa n		Coloure d		Asian		Whit e			
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F		
SHE Representative	20-21/11/2017	Milongo R	Licensing				1								1								
		Kuntelepano J M	Licensing				1										1						
		Makgalemele K	Supply Chain	1												1							
		Kadi M O	Traffic				1										1						
		Mokgethi M	Traffic				1									1							
		Modiba M	Emer&disaster				1										1						
		Legodi K L	Emer&disaster				1										1						
		Ndlovu N	Customer Care										1				1						
		Mongae P S	Emer&disaster				1										1						
		Mataboge K	Mechanical							1						1							
		Maselo S	Mechanical								1					1							
				Magadla T D	Parks				1							1							
		Kaledi L	Hall				1							1									

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										Africa n		Coloure d		Asian		Whit e			
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F		
		Lolwane S M	Community fac					1							1								
		Mokgophe T P	Community fac					1							1								
		Dintwe T	Admin Support									1				1							
		Mabe H	Supply Chain	1											1								
		Moremi E	Licencing				1								1								
		Pooe M S	Traffic				1									1							
		Maema D M	Water						1						1								
		Makhubalo P	Mechanical						1						1								
		Ramotebele P	Mechanical						1						1								
		Lebelo O	Planning			1										1							
		Moswane B	Nursery					1							1								
		Moswane D	Community fac					1							1								
		Mogakabe L	Parks					1							1								
		Monnapula G	Community fac					1							1								
		Mohutsiwa B	Hall					1							1								

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										Africa n		Coloure d		Asian		Whit e				
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F			
		Malope S	Licensing&Testi ng				1										1							
		Sejesho-jansen S	Licensing&Testi ng				1											1						
		Dire V	Financial ser	1													1							
		Moitsheki T	Community fac					1								1								
		Molai L	Community fac					1								1								
		Rivey C	Libraries					1																1
		Mosiako A	IT													1								

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										Africa n		Coloure d		Asian		Whit e			
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F		
SHE Representative	20- 21/11/2017	Namate M	Community fac					1									1						
		Galeboe K	Community fac					1										1					
		Mathuloe T	Revenue	1														1					
		Thabane B	Sanitation							1								1					
		Nokwane B	Licensing				1											1					
		Motshegwe J	Community fac					1										1					
		Setsibe I	Water service							1								1					
		Machaba M	Waste					1										1					
		Ratshimolo M	Waste					1										1					
		Mogudi S M	Waste					1											1				
		Konopi T	Water							1								1					
Molefe M P	Project Man											1				1							

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										Africa n		Coloure d		Asian		Whit e			
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F		
Induction Mr Simon Seitei	12/03/2018	Domfule S	Building			1									1								
		Mashishi M	Libraries						1								1						
		Shabangu S	Admin Support											1	1								
		Nosenga D	Risk										1		1								
		Marumola F	MPAC											1	1								
		Letjeko M	Planning			1											1						
		Kuari J	Planning			1											1						
		Mafora E M	Planning			1											1						
		Mofolo P K	Planning			1											1						
		Sefora H N	Planning			1											1						
		Tolo B	Revenue	1													1						
		Mmeti O	Revenue	1													1						
		Maphunye T	Building			1										1							

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										Africa n		Coloure d		Asian		Whit e		
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F	
ABSA Bank Workshop Old Town Hall Group 1 (8:00- 10:00)	05/06/2018	B.P Makgala	Community fac					1								1						
		V.B Kgampe	Community fac					1									1					
		N.C Fokolwe	Community fac					1									1					
		K.R Kotsedi	Revenue	1													1					
		B.H Ngqola	Community f					1									1					
		S.P Motshidisi	Revenue	1													1					
		T.I Moganetsi	Community f					1								1						
		M.P Seleke	Roads								1						1					
		E.S Motlhake	Roads									1					1					
		D. Malatji	Roads									1					1					

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										Africa n		Coloure d		Asian		Whit e		
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F	
ABSA Bank Workshop Old Town Hall Group 1 (8:00-10:00)	05/06/201 8	A.K Mthini	Roads							1					1							
		J.M Mokotedi	Library					1							1							
		S. Lebala	Swimming Pool					1							1							
		J.T Moleofi	Civil facility					1							1							
		K.B Matlawe	Waste					1							1							
		O.D Matlhare	Waste					1							1							
		M.Kotu	Library					1								1						
		R. Phege	Roads								1					1						
		C.B Malinga	Roads								1						1					
		I.G Maledu	Roads								1					1						
		M. Seabe	community f					1									1					
		B.Mekgo	human resource										1					1				
L.T Pico	water								1						1							

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										Africa n		Coloure d		Asian		Whit e			
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F		
ABSA Bank Workshop Old Town Hall Group 2 (11:00 - 13:00)	05/06/201 8	M.C Gouse	Waste					1									1						
		K.M Athibeng	Planning					1										1					
		O. Modiko	Planning					1										1					
		K. Sebogodi	water						1									1					
		L. Mokgoro	electrical						1									1					
		A. Maemea	electrical						1									1					
		G. Gasekoma	workshop															1					
		T. Mpipi	electrical						1							1							
		A. Ntshabele	sanitation						1									1					
		K. Ngwenya	sanitation						1									1					
		P.K Mokwebo	sanitation						1									1					
		M.M Mmolai	Human Resource											1				1					
P.K Mabe	Exc Mayor												1			1							

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										Africa n		Coloure d		Asian		Whit e		
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F	
		K.M.T Moreki	Speakers Office										1		1							
		K.T. Mfulwane	Fire department				1									1						
		M.A. Petlele	Fire department				1								1							
		N.M. Mmue	Water						1							1						
		K.S Digashu	sanitation						1							1						
		J.T.Lekgabe	water						1							1						
		J.T Nkaiseng	water						1						1							
		T. Molemane	traffic				1								1							
		T. Rampolokeng	traffic				1								1							

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										Africa n		Coloure d		Asian		Whit e			
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F		
ABSA Bank Workshop Old Town Hall Group 2 (11:00 - 13:00)	05/06/2018	K.Mosito	Traffic				1								1								
		P.Togman	Traffic				1								1								
		B.P. Mozima	RCC										1				1						
		R.B Ntswe	RCC										1					1					
		C.M.O Moatshe	Traffic				1												1				
ABSA Bank Workshop Old Town Hall Group 3 (08:-10:00)	06/06/2018	R.C Tshinangwe	Civil facility					1															
		A.K.M Marobe	Estate			1																	
		M.B Ditsheko	Dev Planning			1																	
		I.J Rakgokong	Roads								1												
		T.I Mpipi	Housing			1																	
		V.B Kgokong	Housing			1										1							
		O.M Lebelo	Housing			1																	

	B.A Tolo	Revenue	1											1					
	R.M Sere	Customer care								1				1					
	L.C Mogorosi	Customer care								1				1					
	M.H Pule	Electrical						1						1					
	O.C Thagakane	Call centre								1				1					
	K.C Pooe	Human Resource								1				1					
	P.M Mofurutshe	Admin Supp								1				1					
	A.K Mbanzwa	Community f				1								1					
	B.A Mabe	Community f				1								1					
	D.K Malepane	Community f				1								1					
	R.K Morake	Waste								1				1					
	I. Kaposhe	Roads								1				1					
	H.S. Pule	Roads								1				1					
	A.K April	Roads								1				1					
	M.A Moagi	Human Resource												1					
	N.E Tlale	Finance	1											1					

		N.L Mafoko	Community f					1						1						
		T. Maulane	Water						1					1						
		D.V.T Kapari	Roads							1				1						
		V.B Sathekge	Community f					1							1					
		D.P Mataboge	Community f					1							1					
		S.M Lolwane	community f					1						1						
		T.P Modijane	community f		1										1					

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										Africa n		Coloured		Asian		Whit e						
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F					
ABSA Bank Workshop Old Town Hall Group 4 (11:00- 13:00)	06/06/201 8	L.Makgako	finance	1																						
		A. Mogorosi	finance	1												1										
		R. Kolobe	finance	1																						
		A. Mogotsi	finance	1																						
		K.Ramoroa	records									1														
		G. Matlabathi	records									1														
		I.Marabae	RCC										1													
		B. Morobane	records									1														
		T. Ratshimolo	Waste					1																		
		E. Komane	Library					1																		
		T.Pgaonewe	RCC										1													
		B.G Moleofi	RCC										1			1										

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										Africa n		Coloure d		Asian			Whit e	
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F	
		M. Mmethi	RCC									1		1								
		M.F Molope	RCC									1			1							
		M.L Mogotsi	electrical						1						1							
		L. Ramadie	billing	1											1							
		L. Kobue	billing	1											1							
		K.C Rammutla	call centre									1		1								
		O.V Letshedi	traffic				1							1								
ABSA Bank Workshop	07/06/2018	G.N Nomafusi	call centre									1		1								
Old Town Hall		Y.T Makhaula	call centre									1		1								
		M.M Haraba	fire department				1									1						
Group 5 (08:00-10:00)		K.Motsugi	billing	1											1							
		I Moiloa	Library					1							1							
		C.Letsholo	mechanical							1						1						

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										Africa n		Coloure d		Asian		Whit e			
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F		
		A.Mpipi	Library					1								1							
		O.P Mokoena	call centre									1				1							
		M.S Pilane	call centre									1				1							
		O.L Molefe	call centre									1				1							
		T.G Ngubeni	call centre									1		1									
		M.D Mabe	human resource									1				1							
		C. Motaung	human resource									1				1							
		T. Molefe	Library					1							1								
		G.D Mooketsi	traffic					1							1								
		K.H Motlhaping	Library					1								1							

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										Africa n		Coloure d		Asian		Whit e		
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F	
ABSA Bank Workshop	07/06/2018	T. Letshwite	Traffic				1								1							
Old Town Hall		K.C Molokoane	Human Resource									1					1					
Group 5 (08:00-10:00)		P. Gana	Legal										1				1					
		H.M Morebatsi	Records									1					1					
		G.D Khonou	Housing			1											1					
		A.M Maseme	Housing			1											1					
		S.D Mataboge	Library									1					1					
		A.A Maponyane	Library					1										1				
		E.M Moagi	Library					1										1				
		R.N Mosime	Library					1										1				
		S.S Banda	Library					1								1						
		P.F Masokwane	Library					1										1				

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										Africa n		Coloure d		Asian		Whit e					
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F				
		R.M Diale	Library					1								1									
		K.M Ndlovu	Call centre									1				1									
		L. Kobue	Billing	1												1									
		S. Rasogo	Switch board									1				1									
ABSA Bank Workshop	07/06/2018	R.T Senosi	Human resource									1			1										
Old Town Hall		R.L Matabane	Human resource									1			1										
		T.E Phefo	human resource										1			1									
		M.J Baepanye	electrical						1							1									
Group 6 (11:00-13:00)		T.Sekano	finance	1												1									
		L.D Segoati	finance	1													1								
		G.E Phokoje	Dev Planning			1											1								
		J.D Ntshaagae	traffic				1									1									

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										Africa n		Coloure d		Asian		Whit e				
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F			
		O.S Mogale	traffic				1								1									
		E.L Molema	RCC										1		1									
		E.P Ntjana	Admin supp									1				1								
		S.N Mosone	Switch board										1		1									
		R.S Matshego	Traffic				1								1									
		M.A Ramafoko	Emergency				1								1									
		E. Swamepoel	Emergency				1								1									
		C.K Makgabela	Emergency				1									1								
		W.M Motlhasedi	RCC										1			1								
		P.M Lekhoba	Finance	1											1									
		M.P Kotsie	Finance	1												1								

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										African		Coloured	Asian		White		
				BT O	LE D	PH S	P S	CD	TI S	RR T	DC S	M M	EX C	M	F		M	F		M	F
ABSA Bank Workshop	07/06/2018	N.Mofokeng	Finance	1												1					
Old Town Hall		K.Modise	P.M.U									1		1							
		L.Nokwane	Parks					1						1							
		G.Moatlhodi	Community f					1						1							
Group 6 (11:00-13:00)		M.T Kenosi	Dev Planning			1								1							
		G.P Moholo	Dev Planning			1								1							
		LB Ditibane	Dev Planning		1									1							
		O.S Selebi	emergency				1							1							
		D.L Moagi	emergency				1							1							
		O.Mabalane	Dev Planning			1								1							
		K.G Monkwe	Emergency					1						1							

		M.M Kotane	P.M.U										1		1							
		M.S Rakubane	RCC										1		1							
		K.L Mampane	Electrical					1							1							
		T.I Lesomo	Finance	1											1							
		A. Masesa	Electrical							1					1							
		N. Phantsi	Records								1				1							
				32	10	31	4 2	11 4	86	70	41	45	18	27 0	21 6	1		0	1	1	6	1
		Total Number Trained:		496																		

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

Adequacy of Training Plans	<ul style="list-style-type: none"> All were programmes were suitable and relevant to delegates according to their level.
Effectiveness of Implementation	<ul style="list-style-type: none"> All the programmes that were scheduled were implemented according to the implementation schedule.
Variance between Actual Budget and Expenditure	<ul style="list-style-type: none"> R 283 523.24
Adequacy of Funding	<ul style="list-style-type: none"> The training budget is not adequate as all training needs of the organization are not addresses
Budget Forecast	<ul style="list-style-type: none"> According to the total number of employees and the total salary budget, the training amount should be R 5 000 000.00
Assessment of the value of Training	<ul style="list-style-type: none"> Delegates submitted PoE's and were assessed and moderated. Statement of results were issued.

4.5 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

Financial Year	Budget R'000	Actual R'000	Deviation R'000	% Saving/ (Overspend)
2013/2014	487 486	499 888	(9 111)	(1.87)
2014/2015	540 549	561 709	(17 103)	(3.16)
2015/2016	559 172	614 855	(55 683)	(9.96)
2016/2017	587 930	605 365	(17435)	(2.9)

Financial Year	Budget R'000	Actual R'000	Deviation R'000	% Saving/ (Overspend)
2017/2018	638 077	607 225	30 852	5

Number of Employees whose Salaries were increased

Number of Employees whose Salaries were increased due to the Upgrading of their positions				
No	Beneficiaries	Male	Female	Total No.
1	Lower skilled	0	0	0
2	Semi-skilled	0	0	0
3	Skilled	0	0	0
4	Middle management	0	0	0
5	Senior Management	0	0	0
6	Municipal Manager & Section 56 Managers	0	0	0
TOTAL			0	0

CHAPTER 5: STATEMENT OF FINANCIAL PERFORMANCE

COMPONENT A: FINANCIAL PERFORMANCE

Sound financial management practices are essential to the long-term sustainability of municipalities. They underpin the process of democratic accountability. Weak or opaque financial management practices and reports result in misdirected and under-utilization of resources. The key objective of the Municipal Finance Management Act (2003) (MFMA) is to modernize municipal financial management. Effective municipal financial management has interrelated components:

- planning and budgeting
- asset and liability management
- revenue and expenditure management
- supply chain management
- other financial management
- accounting and reporting, and
- oversight & operational continuity

Each of these components contribute to ensuring that government financial expenditure is developmental, effective and efficient and that municipalities / municipal entities are held accountable for the effective management of their funds.

The aim of this chapter is to provide an overview of the financial performance of the municipality / municipal entity thorough measuring of results. It further provides an opportunity for planning, so as to ensure that future budgetary allocations are brought in line with IDP and functional area activities and outputs.

Operating revenue increased by R71 million in 2017/18 compared to 2016/17 financial year. The expenditure for 2017/18 increased by R21 million compared to the actual of 2016/17 and this is mainly as a result of additional impairment provided for outstanding debtors in line with GRAP 104. The net operations resulted into a surplus of R163 million in 2017/18.

STATEMENT OF FINANCIAL PERFORMANCE

Table 5.1 Financial Performance

Description	Controlling entity	
	2018 R'000	2017 Restated R'000
Total revenue	4 260 427	4 189 907
Total expenditure	(4 097 732)	(4 076 341)
Surplus (deficit) for the year	162 695	113 566

Overall Operating Results

Operating Revenue

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

Table 5.2 Breakdown of the Largest Categories of Revenue

Revenue	2018	2017
	R'000	R'000
Revenue from exchange transactions		
Service Charges	2 683 464	2 579 966
Rental of Facilities and Equipment	12 474	9 321
Interest Received from Trading Activities	0	211 829
Agency Services	19 934	18 975
Licenses and Permits	10 398	10 584
Other Income	9 647	29 526
Interest Received (Other)	13 097	15 227
Property Rates	330 842	306 748
Government Grants & Subsidies	1 158 567	989 415
Fines, Penalties and Forfeits	14 580	5 811
Gain on Disposal of Assets	4 101	4 042
Fair Value Adjustments	16	6
Actuarial Gains	3 307	8 427
Grand Total Revenue	4 260 427	4 189 907

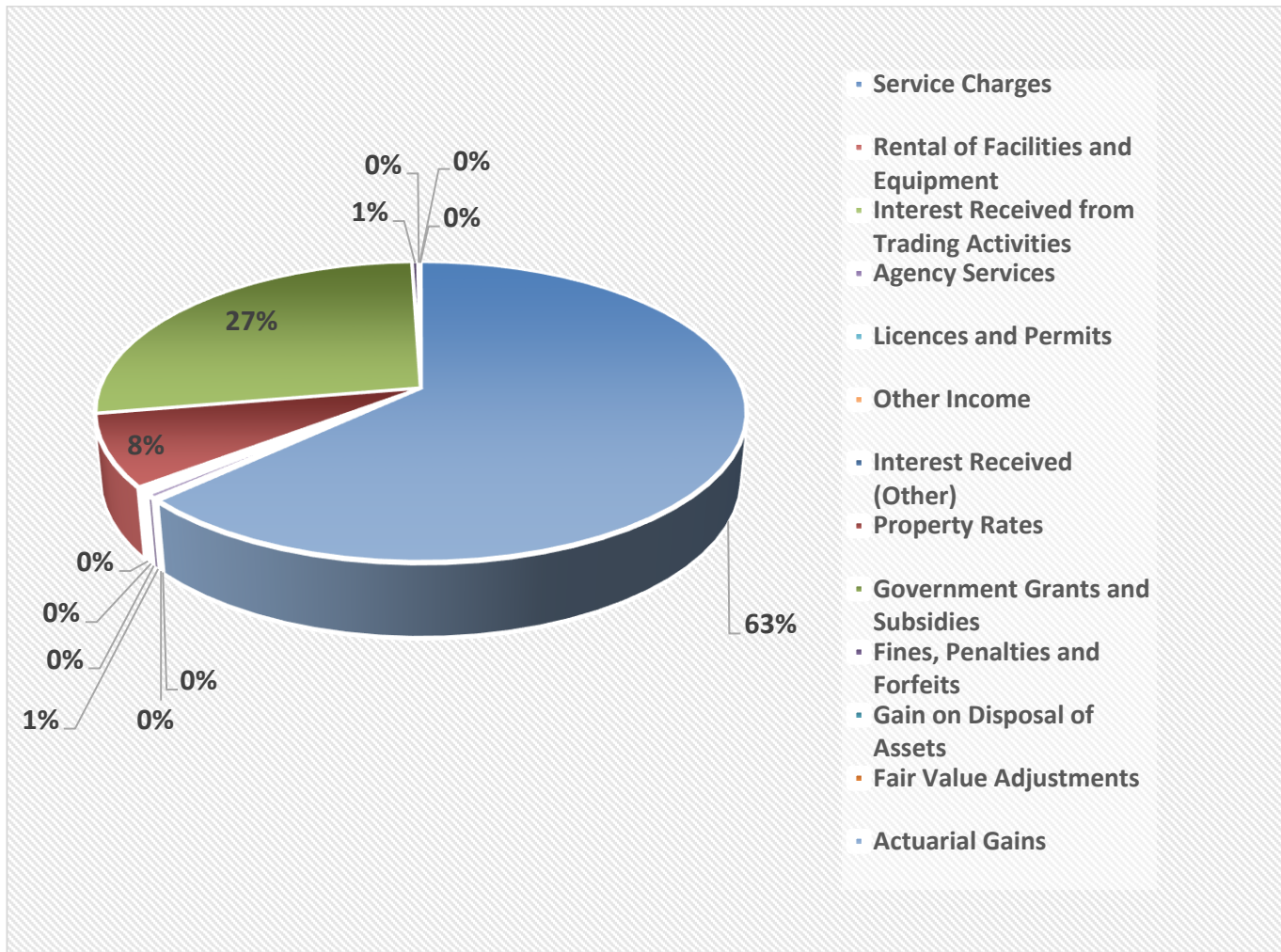


Figure 5.1 Revenue

ASSESSMENT BY THE ACCOUNTING OFFICER OF THE MUNICIPALITY'S PERFORMANCE FOR REVENUE COLLECTION PER REVENUE SOURCE

REVENUE SOURCE	30 June 2018	30 June 2017	30 June 2016
Service Charges	2 683 464	2 579 996	2 210 989
Rental of Facilities and Equipment	12 474	9 321	9 047
Interest received - trading	-	211 829	143 784
Agency Services	19 934	18 975	18 572
Licences and Permits	10 398	10 584	10 651
Other Income	9 647	29 526	30 001
Interest received - other	13 097	15 227	32 112
Property Rates	330 842	306 748	283 411
Government Grants and Subsidies Received	1 158 567	989 415	1 136 578
Fines, Penalties and Forfeits	14 580	5 811	25 568
Gain on disposal of assets	4 101	4 042	6 132
Fair value adjustments	16	6	57
Actuarial gains	3 307	8 427	743
TOTAL REVENUE	4 260 427	4 189 907	3 907 645
REVENUE COLLECTION	4 227 248	4 094 464	3 867 230

The municipality's performance for revenue collection is 76.52%, which is consistent with the previous financial year. The municipality will continue to intensify credit control measures with the objective of improving long term sustainability.

REVENUE PER VOTE	30 June 2018
Vote 1 - EXECUTIVE MAYOR	245 691
Vote 2 - MUNICIPAL MANAGER	116 683
Vote 3 - CORPORATE SUPPORT SERVICES	6 776
Vote 4 - BUDGET AND TREASURY	335 069
Vote 5 - PUBLIC SAFETY	47 439
Vote 6 - PLANNING AND HUMAN SETTLEMENT	11 074
Vote 7 - LOCAL ECONOMIC DEVELOPMENT	2 527
Vote 8 - COMMUNITY DEVELOPMENT	131 842
Vote 9 - TECHNICAL AND INFRASTRUCTURE	3 363 325
TOTAL REVENUE	4 260 427

ASSESSMENT BY THE ACCOUNTING OFFICER OF ANY ARREARS ON MUNICIPAL TAXES AND SERVICE CHARGES

	30 June 2018	30 June 2017	30 June 2016
	R'000	R'000	R'000
Gross balances			
Consumer debtors - Rates	304 957	251 301	229 911
Consumer debtors - Electricity	830 142	601 062	530 315
Consumer debtors - Water	1 268 674	1 023 664	900 084
Consumer debtors - Sewerage	343 789	278 290	223 162
Consumer debtors - Refuse	371 109	315 423	263 429
Consumer debtors - Other	1 022 586	1 067 369	878 911
	4 141 257	3 537 109	3 025 812
Less: Impairment of debtors			
Consumer debtors - Rates	- 276 867	- 216 419	- 208 832
Consumer debtors - Electricity	- 634 699	- 475 940	- 235 833
Consumer debtors - Water	- 1 168 662	- 936 435	- 856 488
Consumer debtors - Sewerage	- 329 670	- 243 915	- 215 031
Consumer debtors - Refuse	- 356 410	- 287 777	- 256 150
Consumer debtors - Other	- 967 742	- 982 782	- 870 124
	- 3 734 050	- 3 143 268	- 2 642 458
Net balances			
Consumer debtors - Rates	28 090	34 882	21 079
Consumer debtors - Electricity	195 443	125 122	294 482
Consumer debtors - Water	100 012	87 229	43 596
Consumer debtors - Sewerage	14 119	34 375	8 131
Consumer debtors - Refuse	14 699	27 646	7 279
Consumer debtors - Other	54 844	84 587	8 787
	407 207	393 841	383 354
Percentage Increase Net balance 2016 to 2017			3%
Percentage Increase Net balance 2017 to 2018			3%

Operating Expenditure

The graph below gives the break down per main expenditure group

Table 5.3 Breakdown per main expenditure group

Expenditure	2018	2017
	R'000	R'000
Employee Related Costs	-607 225	-570 058
Remuneration of Councillors	-38 650	-31 420
Depreciation and Amortisation	-385 812	-344 499
Impairment loss	-550 557	-470 652
Finance Costs	-60 328	-62 415
Lease rentals on operating lease	-9 586	-11 321
Collection Costs	-15 336	-11 573
Repairs and Maintenance	-98 279	-75 800
Bulk Purchases	-1 900 558	-2 138 676
Contracted Services	-209 162	-180 985
Transfers and Subsidies	-107 032	-50 699
General Expenses	-115 207	-128 243
Total expenditure	-4 097 732	-4 076 341

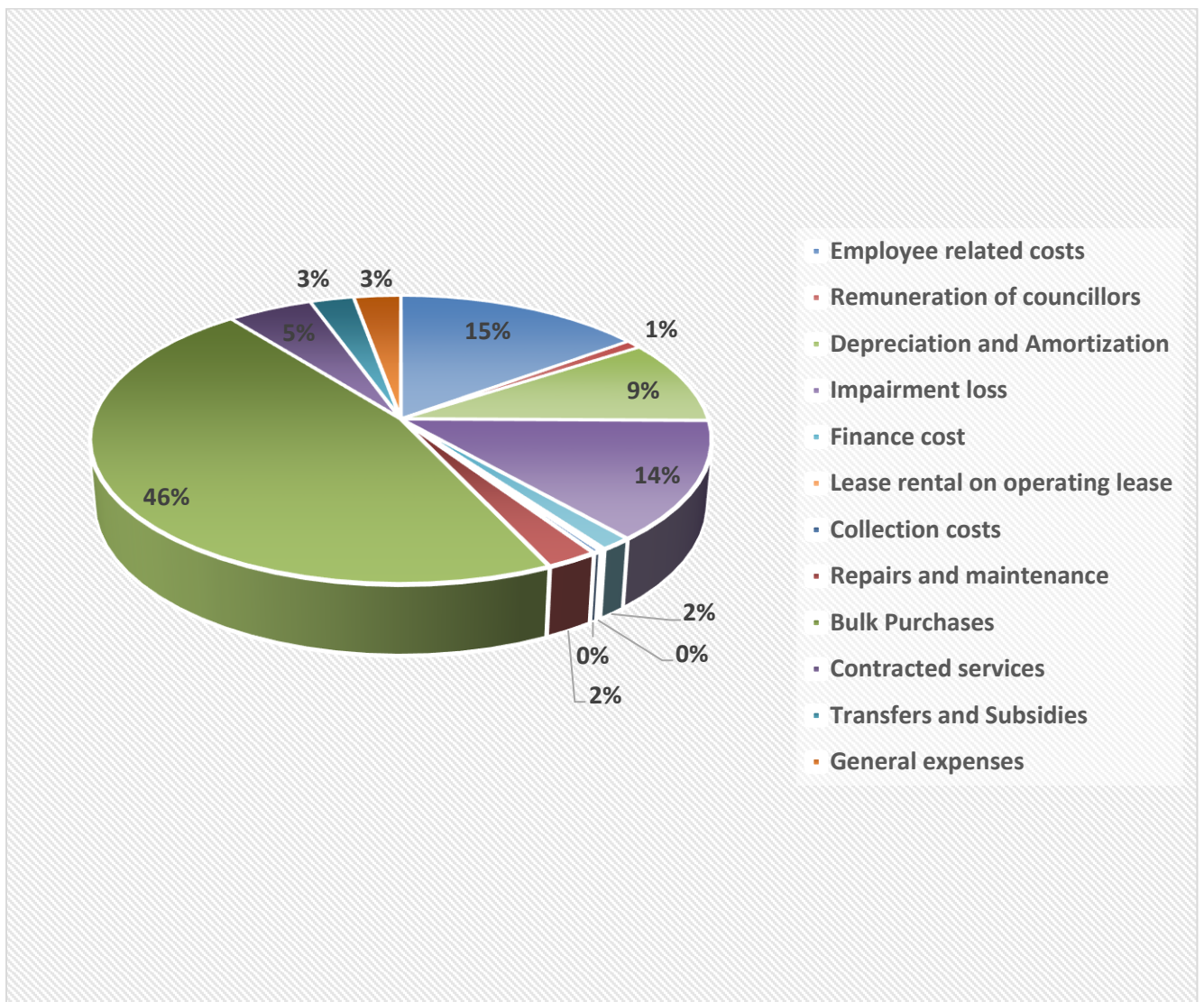


Figure 5.2 Analysis of financial position as at the 30 June 2018

Table 5.4 Asset Management

	Economic entity	
	2018	2017
Current Assets	810 490	737 051
Non-Current Assets	8 865 906	8 641 558
Total Assets	9 676 396	9 378 609
Current Liabilities	1 039 151	946 571
Non-Current Liabilities	718 596	750 705
Total Liabilities	1 757 747	1 697 276

EMPLOYEE RELATED COSTS

The actual expenditure on remuneration expressed as a percentage of the total expenditure has marginally increased from the previous year. The employee related costs as a percentage of total expenditure is at 15.92 %.

Table 5.5 Employee Related Costs

Description	Economic entity	
	2018	2017 restated
	R'000	R'000
Total revenue	4 327 385	4 261 721
Total expenditure	(4 089 932)	(4 050 138)
Employee related costs	612 373	574 702
Remuneration of councillors	38 650	31 420
Total Employee Related Costs and Councillors Remuneration	651 023	606 122
Ratio: % of Revenue	15.04	14.22
Ratio: % of Expenditure	15.92	14.966
% growth in remuneration expenses	7	(1)

The following is the key financial ratios for the economic entity

Table 5.6 Financial ratios

	2018	2017
Current ratio	0.78	0.78
Solvency Ratio	5.50	5.53
Debt (Total borrowings)/Total Operating Revenue	13 %	14 %
Total Long-Term debt to total revenue (excluding grants)	16 %	17 %
Capital cost (Interest paid and redemption) as a % of Total Operating Expenditure	3 %	3 %
Cash / Cost coverage ratio (Excluding unspent conditional grants)	0 Months	0 Months
Contracted Services % of Total Operating Expenditure	4 %	4 %
Capital expenditure to Total Operating Expenditure	15 %	13 %
Repairs and maintenance as a % Property Plant and Equipment and Investment Property (Carrying value)	3 %	2 %
Net Operating Surplus Margin	5 %	5 %
Cash and cash equivalent at the end of the year	230 634	173 136

SUPPLY CHAIN MANAGEMENT

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 per item no. 123 date 30th May 2014 by the Municipal Council. It makes provision for a committee system for competitive bids consisting of the following:

1. Bid Specification Committee;
2. Bid Evaluation Committee; and
3. Bid Adjudication Committee.

Bid Committee Meetings

The following table details the number of meetings held for the 2017/2018 financial year:

Table 5.7 Bid Committee Meetings

Bid Specification Committee	Bid Evaluation Committee	Bid Adjudication Committee
30	18	20

DEVIATIONS FROM NORMAL PROCUREMENT PROCESSES

Table 5.8 Deviations

Description	2017/18
Deviations approved by Accounting Officer in terms of section 12.22 of SCM policy	99

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

DISPOSAL MANAGEMENT

No disposables were carried out in the 2016/17 financial year

BIDS AWARDED

Table 5.9 Bids Awarded

Description	2017/18
Number of bids awarded	25
The total value of bids awarded	R166 390 911.15
Number of bids awarded for capital projects	18
The total value of bids awarded for capital projects	R166 142 453.75
Number of bids awarded for operational projects	7
Total value of bids awarded for operation projects	R248 457.40
Number of bids awarded locally	6
Value of bids awarded locally	R100 184 850.24
Number of bids awarded locally for capital projects	5
Value of bids awarded locally for capital projects	R100 184 555.24
Number of bids awarded locally on Operational projects	1
Value of bids awarded locally on Operation projects	R295.00

QUOTATIONS AWARDED

Table 5.10 Quotations Awarded

Description	2017/2018
Number of quotation awarded	29
The total value of quotation awarded	PRICE PER RATES
Number of Quotations awarded locally	27
Value of Quotations awarded locally	PRICE PER RATES

INVENTORY MANAGEMENT

The stock balance after the annual stock count reflects R 21 560 000. The infrastructure assets are treated as PPE in line with the Generally Recognized Accounting Practice. The total amount for the identified infrastructure items is R15 524 000. The remaining amount of R6 036 000 is treated as consumable stores and disclosed under inventory.

CHAPTER 6: AUDITOR GENERAL'S FINDINGS

INTRODUCTION

According to section 45 of the Municipal Systems Act, 200, the results of performance measurement in terms of section 41(1) must be audited annually by the Auditor-General. Section 41(1) 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 2017/2018



Auditing to build public confidence

AUDITOR - GENERAL
SOUTH AFRICA

Report of the auditor-general to the North West provincial legislature and the council on the Rustenburg Local Municipality

Report on the audit of the consolidated and separate financial statements

Qualified opinion

1. I have audited the consolidated and separate financial statements of the Rustenburg Local Municipality and its subsidiary set out on pages 272 to 384, which comprise of the consolidated and separate statement of financial position as at 30 June 2018, and the consolidated and separate statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion section of my report, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Rustenburg Local Municipality and its subsidiary as at 30

June 2018, and their financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and 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, 2017 (Act No. 3 of 2017) (DoRA).

Basis for qualified opinion

Property, plant and equipment

- 3 I was unable to obtain sufficient appropriate audit evidence for all additions to work in progress and that all work in progress had been accounted for due to the status of the accounting records and batch method of accounting for payments to suppliers. I was unable to confirm the work in progress by alternative means. I was unable to obtain sufficient appropriate audit evidence that assets which are similar in nature were correctly accounted for as the asset register does not contain crucial descriptive information in order to distinguish between assets which are similar. I was unable to confirm these assets by alternative means. In addition, the municipality did not recognise all land, buildings, infrastructure assets and work in progress assets as the municipality did not maintain adequate records of all properties owned and assets controlled by the municipality. I was unable to determine the total resulting impact on property, plant and equipment and the related depreciation expense as it was impracticable to do so. Consequently, I was unable to determine whether any further adjustments relating to property, plant and equipment of R8 682 942 000 and R8 091 682 000 (2017: R8 446 431 000 and R7 849 267 000) as disclosed in note 4 or the depreciation expense of R410 682 000 and R373 827 000 (2017: R353 248 000 and R335 604 000) included in the depreciation and amortisation expense as disclosed in note 34 to the consolidated and separate financial statements were necessary.

Irregular expenditure

4. Section 125 of the MFMA requires the disclosure of irregular expenditure incurred. I was unable to obtain sufficient appropriate audit evidence to confirm that awards of R413 460 358 (2017: R199 737 454) were made in terms of the supply chain management requirements and I was unable to obtain sufficient and appropriate evidence for awards included in irregular expenditure due to the status of the accounting records. I was unable to confirm these awards and irregular expenditure disclosed by alternative means. In addition, the municipality made payments of R91 673 774 in contravention with the supply chain management requirements which were not included in irregular expenditure disclosed and irregular expenditure was further understated as a result of the incorrect treatment of various awards resulting in irregular expenditure as per note 55 to the financial statements being understated by R671 281 381. Consequently, I was unable to determine whether any further adjustments relating to irregular expenditure of R4 211 207 000 (2017: R3 820 585 000) disclosed in note 55 to the consolidated and separate financial statements was necessary.

Government grants and subsidies

5. The municipality incorrectly recognised revenue from government grants where the conditions of the grants have not yet been met. As a result, revenue from government grants and subsidies was overstated by R65 127 579 and unspent conditional grant and receipts understated by the same. In addition, I was unable to obtain sufficient appropriate audit evidence for government grants and subsidies due to an inadequate document management system and lack of information supporting these amounts. I was unable to confirm these government grants and subsidies by alternative means. Consequently, I was unable to determine whether any further adjustments relating to revenue from government grants and subsidies of R1 158 567 000 as disclosed in note 31 and the unspent conditional grants of R46 426 000 as disclosed in note 20 to the consolidated and separate financial statements were necessary.

Payables from exchange transactions

6. I was unable to obtain sufficient appropriate audit evidence for payables from exchange transactions due to the status of the accounting records and lack of information supporting these amounts. I was unable to confirm these payables by alternative means. Consequently I was unable to determine whether any adjustments were necessary to the payables from exchange transactions of R824 324 000 and R945 471 000 presented in the statement of financial position and disclosed in note 23 to the consolidated and separate financial statements.

Commitments

7. I was unable to obtain sufficient appropriate audit evidence for commitments due to the status of the accounting records and lack of information supporting these amounts. I was unable to confirm these commitments by alternative means. Consequently I was unable to determine whether any adjustment relating to commitments of R420 797 000 and R332 724 000 (2017: R568 983 000 and R449 409 000) disclosed in note 44 to the consolidated and separate financial statements was necessary.

Receivables from exchange transactions

8. Contrary to the requirements of the Electricity Regulations Act of South Africa, 2006 (Act No. 4 of 2006), the municipality charged a bulk consumer another tariff than that approved by the regulator. Consequently, receivables from exchange transactions were understated by R236 678 523 (2017: R138 157 429) and revenue from service charges were understated by R86 237 518 (2017: R59 120 550) in the consolidated and separate financial statements, respectively. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.

VAT receivable

9. I was unable to obtain sufficient appropriate audit evidence for the VAT receivable as the underlying calculation and reconciliation of contributing amounts were not performed. I was unable to confirm the VAT receivable by alternative means. Consequently, I was unable to determine whether any adjustment relating to VAT receivable of R94 405 000 and R94 820 000 disclosed in the statement of financial

position and note 15 to the consolidated and separate financial statements was necessary.

Fines, penalties and forfeits

10. The municipality did not recognise all the revenue from traffic fines in accordance with GRAP 23, *Revenue from non-exchange transactions*, as the municipality did not maintain adequate records of all fine books and due to the lack of a regular ongoing system of accounting for traffic fines issued. I was unable to determine the full extent of the understatement of fines, penalties and forfeits as it was impracticable to do so. In addition, the municipality did not disclose the gross receivables from traffic fines of R62 387 806 as required by GRAP 104, *Financial instruments*. Furthermore, I was unable to obtain sufficient appropriate audit evidence for receivables arising from traffic fines due to a lack of appropriate accounting records for these receivables from outstanding fines. I was unable to confirm these receivables by alternative means. Consequently, I was unable to determine whether any adjustment relating to fines, penalties and forfeits of R6 137 000 (2017: R4 113 000) included in receivables from non-exchange transactions as disclosed in note 14 to the consolidated and separate financial statements was necessary.

Contingencies

11. The contingent liabilities disclosed was not measured by the municipality as the best estimate of the expenditure required to settle the present obligation as required by GRAP 19, *Provisions, contingent liabilities and contingent assets* as management only made an estimate of the expected legal costs to be incurred. I was unable to determine the resultant impact on the contingencies as it was impracticable to do so. In addition, I was unable to obtain sufficient appropriate audit evidence that the municipality had accounted for all contingent liabilities due to the status of the accounting records and non-submission of information in support of legal disputes. I was unable to confirm these contingent liabilities by alternative means. Consequently, I was unable to determine whether any adjustment relating to contingencies of R20 763 000 as disclosed in note 45 to the consolidated and separate financial statements was necessary.

Context for the opinion

12. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the consolidated and separate financial statements section of my report.
13. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
14. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

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

Unauthorised expenditure and fruitless and wasteful expenditure

16. As disclosed in note 53 to the financial statements, unauthorised expenditure of R65 375 000 was incurred in the current year and unauthorised expenditure of R963 824 000 in respect of prior years have not yet been dealt with in accordance with section 32 of the MFMA.
17. As disclosed in note 54 to the financial statements, fruitless and wasteful expenditure of R251 000 was incurred in the current year and fruitless and wasteful expenditure of R1 921 000 from prior years have not yet been dealt with in accordance with section 32 of the MFMA.

Material losses

18. As disclosed in note 56 to the financial statements, material water losses of R139 158 000 (2017: R135 958 000) was incurred as a result of water lost through the distribution process, which represents 41.25% (2017: 43.15%) of total water purchased.
19. As disclosed in note 35 to the financial statements, material losses of R534 022 000 (2017: R456 387 000) were incurred as a result of an increase in the provision for impairment on receivables from exchange transactions.

Restatement of corresponding figures

20. As disclosed in note 48 to the financial statements, the corresponding figures for 30 June 2017 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2018.

Other matters

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

Unaudited disclosure notes

22. 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

23. The supplementary information set out on pages 451 to 504 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.

Responsibilities of the accounting officer for the consolidated and separate financial statements

24. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the SA standards of GRAP and the requirements of the MFMA and the DoRA and for such internal controls 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.
25. In preparing the consolidated and separate financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or there is no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the consolidated and separate financial statements

26. My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.
27. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to the auditor's report.

Report on the audit of the annual performance report

Introduction and scope

28. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected key performance areas presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
29. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and

information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

30. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected key performance areas presented in the annual performance report of the municipality for the year ended 30 June 2018:

Key performance area	Pages in the annual performance report
KPA 1 – Basic service delivery and infrastructure development	131 – 139
KPA 2 – Local economic development	140 – 145
KPA 6 – Spatial rationale	173 – 176

31. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
32. The material findings in respect of the usefulness and reliability of the selected key performance areas are as follows:

KPA 1 – Basic service delivery and infrastructure development

Objective: Accelerated delivery and maintenance of quality basic and essential services to all communities

33. No objective was included in the service delivery and budget implementation plan (SDBIP). However, the objective was reported as “accelerated delivery and maintenance of quality basic and essential services to all communities” without the necessary approval.

Number of WSIG projects completed within budget and timeframes by 30 June 2018

34. The target approved in the SDBIP was “A x WSIG projects completed within the budget and timeframes”. The target was however changed to “100%” without the necessary approval. In addition, I was unable to obtain sufficient appropriate audit evidence to support the reported achievement of 50%. This was due to inadequate technical indicator descriptions that predetermined how the achievement would be measured, monitored and reported. I was also unable to obtain sufficient appropriate audit evidence to support the measures taken to improve performance

against the target as reported in the annual performance report. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievement of the indicator or the reported measures taken by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported measures taken to improve performance and the achievement of 50% as reported in the annual performance report.

Number of Bospoort WTW upgraded by June 2018

35. I was unable to obtain sufficient appropriate audit evidence to support the measures taken to improve performance against the target as reported in the annual performance report. This was due to limitations placed on the scope of my work. I was unable to confirm the reported measures taken by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported measures taken to improve performance.

KM's of roads constructed by June 2018

36. The planned target for this indicator was not specific in clearly identifying the nature and required level of performance. In addition, I was unable to obtain sufficient appropriate audit evidence for the reported achievement of 10km. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of 10km as reported in the annual performance report.

Percentage of households with access to basic level of weekly solid waste removal

37. The target approved in the SDBIP was 100%. However, the target was changed to 2% without the necessary approval. In addition, I was unable to obtain sufficient appropriate audit evidence to support the reported achievement of 4.1%. This was due to inadequate technical indicator descriptions that predetermined how the achievement would be measured, monitored and reported. I was unable to confirm the reported achievement of the indicator by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of 4.1% as reported in the annual performance report.

Percentage reduction in water distribution losses by June 2018

38. The achievement reported in the annual performance report was 0. However, the supporting evidence provided did not agree to the reported achievement and indicated an achievement of 1.9%.

Various indicators

39. I was unable to obtain sufficient appropriate audit evidence to support the reported achievement or to support the measures taken to improve performance as reported in the annual performance report for the indicators listed below. This was due to inadequate technical indicator descriptions that predetermined how the achievement would be measured, monitored and reported and due to limitations placed on the scope of my work. I was unable to confirm the reported achievement of the indicator or the reported measures taken by alternative

means. Consequently, I was unable to determine whether any adjustments were required to the reported measures taken to improve performance and the reported achievement in the annual performance report:

Indicator description	Planned target	Reported achievement
Number of reservoirs and bulk pipeline constructed within budget and timeframes by 30 June 2018	1 x reservoirs and bulk pipeline (constructed within budget and timeframes)	0
Completion rate of the upgrade of Bospoort WTW, and new Bospoort North reservoir and bulk pipeline within budget and timeframes by end of June 2018	100%	0
Number of sewer reticulation projects completed within budget and timeframes by June 2018	1 x sewer reticulation projects completed within budget and timeframes	0

Various indicators

40. I was unable to obtain sufficient appropriate audit evidence to support the reported achievement for the indicators listed below. This was due to inadequate technical indicator descriptions that predetermined how the achievement would be measured, monitored and reported. I was unable to confirm the reported achievement of these indicators by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement in the annual performance report.

Indicator description	Reported achievement
Number of electrical services projects completed within budget and timeframes by end of June 2018	2
Number of Integrated Disaster Management Plan proposals implemented by 30th June 2018	4

KPA 2 – Local economic development

Objective: Develop vibrant and diversified world class economy through high-value adding economic sectors

41. No objective was included in the SDBIP. However, the objective was reported as “develop vibrant and diversified world class economy through high-value adding economic sectors” without the necessary approval.

Number of jobs created through local economic development initiatives including capital projects by June 2018

42. The target approved in the SDBIP was 500. However, the target was changed to 1500 without the necessary approval. In addition, I was unable to obtain sufficient appropriate audit evidence for the reported achievement of 1662. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of 1662 in the annual performance report.

Number of SMMEs and cooperative assisted with technical and financial support by June 2018

43. The indicator and target approved in the SDBIP was “number of SMMEs and cooperative assisted with business development support by June 2018: 100”. However, the indicator and target reported in the annual performance report was “number of SMMEs and cooperative assisted with technical and financial support by June 2018: 240”. In addition, I was unable to obtain sufficient appropriate audit evidence for the reported achievement of 610. This was due to a material difference between the reported achievement and the underlying records. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of 610 as reported in the annual performance report.

Number of urban-agriculture projects completed by 30th June 2018

44. The indicator and target approved in the SDBIP was “number of urban-agriculture projects facilitated by 30th June 2018: 2”. However, the indicator and target reported in the annual performance report was “number of urban-agriculture projects completed by 30 June 2018: 7”. In addition, I was unable to obtain sufficient appropriate audit evidence to support the reported achievement of 0 or to support the measures taken to improve performance against the target as reported in the annual performance report. This was due to inadequate technical indicator descriptions that predetermined how the achievement would be measured, monitored and reported and due to limitations placed on the scope of my work. I was unable to confirm the reported achievement of the indicator or the measures taken by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported measures taken to improve performance and the reported achievement of 0 in the annual performance report.

KPA 6 – Spatial rationale

Objective: Accelerated delivery and maintenance of quality basic and essential services to all communities

45. No objective was included in the SDBIP. However, the objective was reported as “accelerated delivery and maintenance of quality basic and essential services to all communities” without the necessary approval.

Number of portions of land acquired for human settlement by 30 June 2018

46. The achievement reported in the annual performance report was 3. However, the supporting evidence provided did not agree to the reported achievement and indicated an achievement of 0.

Number of housing units facilitated as part of integrated residential development programme in Yizoyizo Boitekong by 30 June 2018

47. The indicator and target approved in the SDBIP was “number of houses constructed as part of integrated residential development programme at Bokamoso by 30 June 2018: 500 units”. However, the indicator and target was changed to “number of housing units facilitated as part of integrated residential development programme in Yizoyizo Boitekong by 30 June 2018: 170” without the necessary approval.

Number of disposal agreement completed for Precinct plan projects by 30 June 2018

48. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of 4 or for measures taken to improve performance against the target as reported in the annual performance report. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievement or the reported measures taken by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported measures taken to improve performance and the reported achievement of 4 in the annual performance report.

Other matters

49. I draw attention to the matters below.

Achievement of planned targets

50. Refer to the annual performance report on pages 131 to 176 for information on the achievement of 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 in paragraphs 29 to 47 of this report.

Report on audit of compliance with legislation

Introduction and scope

51. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
52. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements and annual reports

53. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, non-current liabilities and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.
54. The annual financial statements were not submitted to the Auditor-General, for auditing, within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA
55. The consolidated financial statements were not submitted to the Auditor-General, for auditing, within three months after the end of the financial year, as required by section 126(1)(b) of the MFMA.

Strategic planning and performance management

56. The local community was not afforded the opportunity to comment on the final draft of the Integrated Development Plan before adoption, as required by section 42 of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA) and regulation 15(3) of the Municipal planning and performance management regulations.
57. Annual performance objectives and indicators were not established for Rustenburg Water Services Trust or included in its multi year business plan, as required by section 93B(a) of the MSA.

Utilisation of conditional grants

58. I was unable to obtain sufficient appropriate audit evidence that the Municipal Infrastructure Grant, the Public Transport Network Grant and the Water Services Infrastructure Grant was spent for its intended purposes in accordance with the applicable grant framework, as required by section 17(1) of the DoRA.
59. Performance in respect of programmes funded by the Municipal Infrastructure Grant, Public Transport Network Grant and Water Services Infrastructure Grant was not evaluated, as required by section 12(5) of the DoRA.

Expenditure management

60. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
61. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph.
62. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R65 375 000, as disclosed in note 53 to the annual financial statements, in

contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending on vote 2.

Procurement and contract management

63. Sufficient appropriate audit evidence could not be obtained that all contracts and quotations were awarded in accordance with the legislative requirements as supporting documents were not submitted for audit.
64. Some of the 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).
65. Some of the invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM regulation 22(1) and 22(2).
66. Competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2). This non-compliance was identified in the procurement processes for the upgrading of the Bospoort Water Treatment Works and the replacement of Tlhabane AC Sewer Bulk Line.
67. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations. This non-compliance was identified in the procurement processes for the upgrading of the Bospoort Water Treatment Works, the replacement of Tlhabane AC Sewer Bulk Line and the Water Conservation and Water Demand Management project.
68. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the replacement of Tlhabane AC Sewer Bulk Line and the Water Conservation and Water Demand Management project.
69. 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, in contravention of SCM regulation 46(2)(e) and the code of conduct for staff members issued in terms of the MSA.

Asset management

70. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

Consequence management

71. Unauthorised and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) and (b) of the MFMA.

72. Irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
73. Appropriate action was not taken against officials of the municipality where investigations proved financial misconduct, as required by section 171(4)(b) of the MFMA and regulation 6(8) of the Municipal regulations on financial misconduct procedures and criminal proceedings.

Human resource management

74. Financial interests were not disclosed by the senior managers within 60 days from date of appointment, as required by regulation 36(1)(a) on appointment and conditions of employment of senior managers.
75. The municipal manager and senior managers did not sign performance agreements within the prescribed period, as required by section 57(2)(a) of the MSA.

Other information

76. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report thereon and those selected key performance areas presented in the annual performance report that have been specifically reported on in the auditor's report.
77. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
78. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected key performance area presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
79. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

80. I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
- The corrective action plans initiated by the leadership to address prior year audit findings were not effectively implemented by management. The implementation thereof was mostly done through consultants without fully addressing the underlying deficiencies in the systems or in the day to day internal control environment. The method of utilising batch payments to suppliers with multiple contracts were still not addressed and proved to be a root cause for project management shortcomings and accounting misstatements.
 - Management did not implement effective controls to ensure that all information in the financial statements and the report on predetermined objectives were reliable before submission for audit. These shortcomings are evident at year-end during the annual reporting process but are also seen during the course of the financial year with management relying on consultants to assist in the financial reporting processes. This negatively impacts the reporting and budget monitoring processes and the quality of the financial information provided to council during the course of the year.
 - Management did not implement proper risk management activities to identify risks and shortfalls in the municipality's financial systems, in supply chain management, performance reporting as well as non-compliances with laws and regulations.
 - The effectiveness of the audit committee and internal audit's role as an assurance provider was compromised by management's inability to adequately address and react to the audit committee and internal audit's findings and recommendations.

Other reports

81. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

Investigation

82. The Directorate for Priority Crime Investigation (DPCI) was investigating a case of alleged corruption and fraud relating to a R85 million contract awarded to a contractor in the year under review. This investigation was still in progress at the date of this report.

Auditor General

Rustenburg

30 May 2019



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements, and the procedures performed on reported performance information for selected key performance areas and on the municipality’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the consolidated and separate financial statements as described in the auditor’s report, I also:
 - identify and assess the risks of material misstatement of the consolidated and separate financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - obtain an understanding of internal control relevant to the audit 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 municipality’s internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Rustenburg Local Municipality’s and its subsidiary’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause a municipality to cease to continue as a going concern.
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the

direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and where applicable, related safeguards.



Rustenburg Local Municipality
Consolidated Annual Financial Statements
for the year ended 30 June 2018

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

General Information

Legal form of entity	Municipality (MFMA)
Mayoral committee	
Executive Mayor	Khunou, M Mabale-Huma, S (Speaker) Mataboge, A (Single-Whip)
Councillors	Xatasi, M (MMC: Community Development) Babe, N (MMC: Corporate Support Services) Kombe, O (MMC: Local Economic Development) Kgaladi, L (MMC: Technical and Infrastructure Services) Makhaula, V (MMC: Planning and Human Settlement) Wolmarans, S (MMC: Integrated Development Planning) Molubi, J (MMC: Intergovernmental Relations) Mashishi, J (MMC: Roads and Transport) Mhlungu, M (MMC: Public Safety) Lekoro, B (MMC: Budget and Treasury)
Grading of local authority	High Capacity
Accounting Officer	Sithole, N
Chief Finance Officer (CFO)	Mdhuli, V (Acting)
Registered office	Missionary Mpheni House Cnr, Nelson Mandela & Beyers Naude Drives Rustenburg 0299
Postal address	P O Box 16 Rustenburg 0300
Bankers	ABSA BANK
Auditors	Auditor-General of South Africa (AGSA)

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

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The reports and statements set out below comprise the consolidated annual financial statements presented to the provincial legislature:

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COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the consolidated annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the consolidated annual financial statements and was given unrestricted access to all financial records and related data.

The consolidated annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The consolidated annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that she is ultimately responsible for the system of internal financial control established by the economic entity and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the economic entity and all employees are required to maintain the highest ethical standards in ensuring the economic entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the economic entity is on identifying, assessing, managing and monitoring all known forms of risk across the economic entity. While operating risk cannot be fully eliminated, the economic entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the economic entity's cash flow forecast for the year to 30 June 2019 and, in the light of this review and the current financial position, she is satisfied that the economic entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, they are supported by the economic entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the economic entity's consolidated annual financial statements. The consolidated annual financial statements will be examined by the economic entity's external auditors and their report will be presented on the page following this report.

The consolidated annual financial statements set out on pages 4 to 112, which have been prepared on the going concern basis, were approved by the accounting officer on 12 October 2018.



MS N SITHOLE
MUNICIPAL MANAGER

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Statement of Financial Position as at 30 June 2018

Figures in Rand Thousand	Note(s)	Economic entity		Controlling entity	
		2018	2017 Restated*	2018	2017 Restated*
Assets					
Current Assets					
Inventories	12	31 139	43 363	31 139	43 363
Finance lease receivables	8	-	-	166	132
Operating lease asset	9	121	169	121	169
Receivables from exchange transactions	13&16	406 132	383 979	392 425	372 267
Receivables from non-exchange transactions	14&16	48 059	52 170	48 059	52 170
VAT receivable	15	94 405	84 234	94 820	84 931
Cash and cash equivalents	17	230 634	173 136	117 372	57 614
		810 490	737 051	684 102	610 646
Non-Current Assets					
Investment property	3	180 346	192 377	180 346	192 377
Property, plant and equipment	4	8 682 942	8 446 431	8 091 682	7 849 267
Intangible assets	5	52	530	52	530
Heritage assets	6	1 369	1 369	1 369	1 369
Investments	7	1 197	851	1 198	852
Finance lease receivables	8	-	-	2 050	2 217
		8 865 906	8 641 558	8 276 697	8 046 612
Total Assets		9 676 396	9 378 609	8 960 799	8 657 258
Liabilities					
Current Liabilities					
Other financial liabilities	21	57 649	51 461	30 009	26 987
Finance lease obligation	19	6 988	-	6 988	-
Operating lease liability	9	-	1	-	1
Payables from exchange transactions	23	824 324	744 084	945 471	809 282
Consumer deposits	24	51 631	49 745	51 631	49 745
Employee benefit obligation	10	5 501	5 353	5 501	5 353
Unspent conditional grants and receipts	20	46 426	51 742	46 426	51 742
Provisions	22	46 632	44 185	46 632	44 185
		1 039 151	946 571	1 132 658	987 295
Non-Current Liabilities					
Other financial liabilities	21	504 052	561 763	418 131	448 240
Finance lease obligation	19	12 590	-	12 590	-
Employee benefit obligation	10	84 270	83 130	84 270	83 130
Provisions	22	117 684	105 812	117 684	105 812
		718 596	750 705	632 675	637 182
Total Liabilities		1 757 747	1 697 276	1 765 333	1 624 477
Net Assets		7 918 649	7 681 333	7 195 466	7 032 781
Reserves					
Revaluation reserve	18	266 339	266 483	-	-
Accumulated surplus		7 652 310	7 414 850	7 195 466	7 032 781
Total Net Assets		7 918 649	7 681 333	7 195 466	7 032 781

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Statement of Financial Performance

Figures in Rand Thousand	Note(s)	Economic entity		Controlling entity	
		2018	2017 Restated*	2018	2017 Restated*
Revenue					
Revenue from exchange transactions					
Service charges	25	2 741 161	2 631 853	2 683 464	2 579 996
Rental of facilities and equipment	26	12 474	9 321	12 474	9 321
Interest received (trading)		-	211 829	-	211 829
Agency services		19 934	18 975	19 934	18 975
Licenses and permits		10 398	10 584	10 398	10 584
Other income	27	9 824	42 153	9 647	29 526
Interest received - other	28	22 181	23 828	13 097	15 227
Total revenue from exchange transactions		2 815 972	2 948 543	2 749 014	2 875 458
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	29	330 842	306 748	330 842	306 748
Transfer revenue					
Government grants & subsidies	31	1 158 567	989 415	1 158 567	989 415
Fines, Penalties and Forfeits		14 580	5 811	14 580	5 811
Total revenue from non-exchange transactions		1 503 989	1 301 974	1 503 989	1 301 974
Total revenue		4 319 961	4 250 517	4 253 003	4 177 432
Expenditure					
Employee related costs	32	(612 373)	(574 702)	(607 225)	(570 058)
Remuneration of councillors	33	(38 650)	(31 420)	(38 650)	(31 420)
Depreciation and amortisation	34	(422 667)	(362 143)	(385 812)	(344 499)
Impairment loss	35	(550 717)	(472 929)	(550 557)	(470 652)
Finance costs	36	(77 039)	(81 961)	(60 328)	(62 415)
Lease rentals on operating lease		(9 586)	(11 321)	(9 586)	(11 321)
Collection costs		(15 336)	(11 573)	(15 336)	(11 573)
Repairs and maintenance		(108 460)	(84 666)	(98 279)	(75 800)
Bulk purchases	37	(1 781 264)	(2 025 956)	(1 900 558)	(2 138 676)
Contracted services	38	(207 915)	(175 849)	(209 162)	(180 985)
Transfers and Subsidies	30	(71 051)	(3 202)	(107 032)	(50 699)
General Expenses	39	(194 874)	(214 416)	(115 207)	(128 243)
Total expenditure		(4 089 932)	(4 050 138)	(4 097 732)	(4 076 341)
Operating surplus		230 029	200 379	155 271	101 091
Gain on disposal of assets		4 101	2 771	4 101	4 042
Fair value adjustments	40	16	6	16	6
Actuarial gains	10&22	3 307	8 427	3 307	8 427
		7 424	11 204	7 424	12 475
Surplus for the year		237 453	211 583	162 695	113 566

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Statement of Changes in Net Assets

Figures in Rand Thousand	Revaluation reserve	Accumulated surplus	Total net assets
Economic entity			
Opening balance as previously reported	120 536	7 380 638	7 501 174
Adjustments			
Prior year adjustments	-	(177 369)	(177 369)
Balance at 01 July 2016 as restated*	120 536	7 203 269	7 323 805
Changes in net assets			
Surplus for the year - Previously reported	-	276 768	276 768
Impairment adjustment for the year	(1 715)	-	(1 715)
Revaluation surplus	147 662	-	147 662
Total changes	145 947	276 768	422 715
Restated balance before adjustments	266 483	7 480 037	7 746 520
Adjustments			
Correction of errors	-	(65 180)	(65 180)
Restated* Balance as at 01 July 2017 restated*	266 483	7 414 857	7 681 340
Changes in net assets			
Surplus for the year	-	237 453	237 453
Impairment adjustment for the year	(129)	-	(129)
Revaluation surplus	(15)	-	(15)
Total changes	(144)	237 453	237 309
Balance as at 30 June 2018	266 339	7 652 310	7 918 649
See Note 48 for prior period adjustments	18		
Controlling entity			
Opening balance as previously reported	-	7 096 586	7 096 586
Adjustments			
Correction of errors	-	(177 369)	(177 369)
Balance as at 01 July 2016 restated*	-	6 919 217	6 919 217
Changes in net assets			
Surplus for the year - Previously reported	-	178 751	178 751
Total changes	-	178 751	178 751
Restated balance before adjustments	-	7 097 968	7 097 968
Adjustments			
Correction of errors	-	(65 197)	(65 197)
Restated* Balance as at 01 July 2017 restated*	-	7 032 771	7 032 771
Changes in net assets			
Surplus for the year	-	162 695	162 695
Total changes	-	162 695	162 695
Balance as at 30 June 2018	-	7 195 466	7 195 466

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Cash Flow Statement

Figures in Rand Thousand	Note(s)	Economic entity		Controlling entity	
		2018	2017 Restated*	2018	2017 Restated*
Cash flows from operating activities					
Receipts					
Sale of goods and services		3 076 230	2 885 432	3 020 943	2 832 066
Grants		1 158 567	989 415	1 158 567	989 415
Interest income		22 181	235 657	13 097	227 056
Other receipts		34 818	58 554	34 641	45 927
		4 291 796	4 169 058	4 227 248	4 094 464
Payments					
Employee costs		(643 456)	(600 314)	(638 308)	(595 670)
Suppliers		(2 203 480)	(2 662 579)	(2 178 224)	(2 654 757)
Other payments		(639 648)	(486 477)	(675 629)	(533 974)
		(3 486 584)	(3 749 370)	(3 492 161)	(3 784 401)
Net cash flows from operating activities	42	805 212	419 688	735 087	310 063
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(624 174)	(508 504)	(592 527)	(412 219)
Proceeds from sale of property, plant and equipment	4	(3 276)	40 762	(3 684)	15 594
Net cash flows from investing activities		(627 450)	(467 742)	(596 211)	(396 625)
Cash flows from financing activities					
Repayment of other financial liabilities		(116 330)	(116 334)	(75 184)	(75 187)
Finance lease payments		(3 596)	(7 040)	(3 596)	(7 040)
Realisation of financial assets		(338)	201	(338)	201
Net cash flows from financing activities		(120 264)	(123 173)	(79 118)	(82 026)
Net decrease in cash and cash equivalents		57 498	(171 227)	59 758	(168 588)
Cash and cash equivalents at the beginning of the year		173 136	344 363	57 614	226 202
Cash and cash equivalents at the end of the year	17	230 634	173 136	117 372	57 614

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand Thousand				
Economic entity				
Statement of Financial Performance				
Revenue				
Revenue from exchange transactions				
Service charges	3 453 822	2 741 161	(712 661)	57
Rental of facilities and equipment	10 333	12 474	2 141	57
Interest received (trading)	208 006	-	(208 006)	57
Agency services	20 453	19 934	(519)	
Licenses and permits	9 115	10 398	1 283	57
Other income	92 665	9 824	(82 841)	57
Interest received (Other)	16 114	22 181	6 067	57
Total revenue from exchange transactions	3 810 508	2 815 972	(994 536)	
Revenue from non-exchange transactions				
Taxation revenue				
Property rates	319 434	330 842	11 408	
Transfer revenue				
Government grants & subsidies	1 177 472	1 158 567	(18 905)	
Fines, Penalties and Forfeits	1 713	14 580	12 867	57
Total revenue from non-exchange transactions	1 498 619	1 503 989	5 370	
Total revenue	5 309 127	4 319 961	(989 166)	
Expenditure				
Employee related costs	(638 077)	(612 373)	25 704	
Remuneration of councillors	(35 000)	(38 650)	(3 650)	57
Depreciation and amortisation	(440 297)	(422 667)	17 630	
Impairment loss	(677 534)	(550 717)	126 817	57
Finance costs	(61 565)	(77 039)	(15 474)	57
Lease rentals on operating lease	-	(9 586)	(9 586)	57
Collection costs	-	(15 336)	(15 336)	57
Repairs and maintenance	(163 944)	(108 460)	55 484	57
Bulk purchases	(2 152 371)	(1 781 264)	371 107	57
Contracted Services	(317 457)	(207 915)	109 542	57
Transfers and Subsidies	(16 021)	(71 051)	(55 030)	57
General Expenses	(277 378)	(194 874)	82 504	57
Total expenditure	(4 779 644)	(4 089 932)	689 712	
Operating surplus	529 483	230 029	(299 454)	
Gain on disposal of assets	5 000	4 101	(899)	57
Fair value adjustments	-	16	16	57
Actuarial gains	-	3 307	3 307	57
	5 000	7 424	2 424	
Surplus before taxation	534 483	237 453	(297 030)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	534 483	237 453	(297 030)	

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand thousand				
Controlling entity				
Statement of Financial Performance				
Revenue				
Revenue from exchange transactions				
Service charges	3 326 060	2 683 464	(642 596)	57
Rental of facilities and equipment	10 333	12 474	2 141	57
Interest received (trading)	208 006	-	(208 006)	57
Agency services	20 453	19 934	(519)	
Licenses and permits	9 115	10 398	1 283	57
Other income	(89 679)	9 647	99 326	57
Interest received (other)	9 048	13 097	4 049	57
Total revenue from exchange transactions	3 493 336	2 749 014	(744 322)	
Revenue from non-exchange transactions				
Taxation revenue				
Property rates	264 853	330 842	65 989	57
Transfer revenue				
Government grants & subsidies	1 177 472	1 158 567	(18 905)	
Fines, Penalties and Forfeits	1 713	14 580	12 867	57
Total revenue from non-exchange transactions	1 444 038	1 503 989	59 951	
Total revenue	4 937 374	4 253 003	(684 371)	
Expenditure				
Employee related costs	(638 077)	(607 225)	30 852	
Remuneration of councillors	(35 000)	(38 650)	(3 650)	57
Depreciation and amortisation	(422 897)	(385 812)	37 085	57
Impairment loss	(677 534)	(550 557)	126 977	57
Finance costs	(44 860)	(60 328)	(15 468)	57
Lease rentals on operating lease	-	(9 586)	(9 586)	57
Collection costs	-	(15 336)	(15 336)	57
Repairs and maintenance	(163 944)	(98 279)	65 665	57
Bulk purchases	(2 152 371)	(1 900 558)	251 813	57
Contracted Services	(317 457)	(209 162)	108 295	57
Transfers and Subsidies	(16 021)	(107 032)	(91 011)	57
General Expenses	(155 839)	(115 207)	40 632	57
Total expenditure	(4 624 000)	(4 097 732)	526 268	
Operating surplus	313 372	155 271	(158 101)	
Gain on disposal of assets	5 000	4 101	(899)	57
Fair value adjustments	-	16	16	57
Actuarial gains	-	3 307	3 307	57
	5 000	7 424	2 424	
Surplus before taxation	318 372	162 695	(155 677)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	318 372	162 695	(155 677)	

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Consolidated Annual Financial Statements

The consolidated annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These consolidated annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these consolidated annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These consolidated annual financial statements are presented in South African Rand rounded off to the nearest thousand, which is the functional currency of the economic entity.

1.2 Going concern assumption

These consolidated annual financial statements have been prepared based on the expectation that the economic entity will continue to operate as a going concern for at least the next 12 months.

1.3 Consolidation

Basis of consolidation

consolidated annual financial statements are the consolidated annual financial statements of the economic entity presented as those of a single entity.

The consolidated annual financial statements incorporate the consolidated annual financial statements of the controlling entity and all controlled entity, including special purpose entities, which are controlled by the controlling entity.

Control exists when the controlling entity has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities.

The results of controlled entities are included in the consolidated financial statements from the effective date of acquisition or date when control commences to the effective date of disposal or date when control ceases. The difference between the proceeds from the disposal of the controlled entity and its carrying amount as of the date of disposal is recognised in the consolidated statement of financial performance as the surplus or deficit on the disposal of the controlled entity.

An investment in an entity is accounted for in accordance with the Standards of GRAP on Financial Instruments from the date that it ceases to be a controlled entity, unless it becomes an associate or a jointly controlled entity, in which case it is accounted for as such. The carrying amount of the investment at the date that the entity ceases to be a controlled entity is regarded as the fair value on initial recognition of a financial asset in accordance with the Standards of GRAP on Financial Instruments.

The financial statements of the controlling entity and its controlled entities used in the preparation of the consolidated financial statements are prepared as of the same reporting date.

Adjustments are made when necessary to the financial statements of the controlled entities to bring their accounting policies in line with those of the controlling entity.

All intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

Non-controlling interests in the net assets of the economic entity are identified and recognised separately from the controlling entity's interest therein, and are recognised within net assets. Losses applicable to the minority in a consolidated controlled entity may exceed the minority interest in the controlled entity's net assets. The excess, and any further losses applicable to the minority, are allocated against the majority interest except to the extent that the minority has a binding obligation to, and is able to, make an additional investment to cover the losses. If the controlled entity subsequently reports surpluses, such surpluses are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.

Non-controlling interests in the surplus or deficit of the economic entity is separately disclosed.

1.4 Significant judgements and sources of estimation uncertainty

In preparing the consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated annual financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The economic entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on an assessment of the extent to which trade receivables have been 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 is performed per significant trade receivables first and then for all classes of trade receivables.

Allowance for slow moving, damaged and obsolete stock

An allowance / provision to write down stock to the lower of cost or net realisable value is made. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the statement of financial performance.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 22 - Provisions. Provisions are discounted where the effect of discounting is material using actuarial valuations.

Useful lives

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 conditions will be at that time. It is a subjective estimate based on management's experience.

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 contributions increases and mortality rates. Due to the long - term nature of these plans, such estimates are subject to significant uncertainty.

1.5 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the economic entity, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Expected useful life range
Property - land	Indefinite
Property - buildings	7 - 80 years

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

- 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.
- 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 facilities, etc.
- Property held for strategic purposes or service delivery.
- 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.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.6 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, rental to others, 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 economic entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is 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 through a non-exchange transaction, 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.

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 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 any 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.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Expected useful life range
Infrastructure Roads and Transport	Straight line	5 - 100
Infrastructure Electricity	Straight line	5 - 50
Infrastructure Water	Straight line	5 - 70
Infrastructure Sewerage	Straight line	5 - 70
Buildings	Straight line	7 - 80
Motor Vehicles	Straight line	5 - 15

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Office equipment	Straight line	3 - 10
Specialised vehicles	Straight line	7 - 20
Furniture & fittings	Straight line	5 - 15
Bins & Containers	Straight line	10
Other	Straight line	7 - 8
Landfill sites	Straight line	20 - 25
Plant and machinery	Straight line	2 - 15
Emergency equipment	Straight line	3 - 12
Land	Straight line	Indefinite

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.

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 Property, Plant and Equipment that has a cost that is significant in relation to the total cost of the item. Cost of replacing a 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.

Depreciation on Bulk water assets - Rustenburg Service Trust 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 for this group of assets:

Land and Buildings : 5 - 80 years
Plant and Machinery : 5 - 100 years
Movable assets: 5 - 50 years

1.7 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the economic entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

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An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the economic entity; and
- the cost or fair value of the asset can be measured reliably.

The economic entity 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.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

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

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Expected useful life range
Licenses and franchises	Straight line	2 - 3 Years
Computer software, other	Straight line	2 - 3 Years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.8 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations. Heritage assets have an indefinite useful life.

Recognition

The economic entity recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the economic entity, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

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Impairment

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

Derecognition

The economic entity derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback)

1.9 Investments in controlled entities

Controlling entity consolidated annual financial statements

In the municipality's separate consolidated annual financial statements, investments in controlled entities are carried at cost less any accumulated impairment.

The cost of an investment in controlled entity is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the municipality; plus
- any costs directly attributable to the purchase of the controlled entity.

1.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

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The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Guarantees are disclosed in the notes to the financial statements and they are measured at fair value. Companies are granted the option of providing a guarantee instead of a consumer deposit when opening a new consumer account.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavorable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unutilised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

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Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from Exchange Transactions	Financial asset measured at amortised cost
Receivables from Non-exchange Transactions	Financial asset measured at amortised cost
Cash and Cash Equivalents	Financial asset measured at fair value
Investment	Financial asset measured at fair value
Guarantees	Financial asset measured at fair value

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Consumer Deposits	Financial liability measured at amortised cost
Payables from Exchange and Non-exchange Transactions	Financial liability measured at amortised cost
Long-term Liabilities	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

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Accounting Policies

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

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Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an economic entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a 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, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

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Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.11 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessor

The economic entity recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the economic entity's net investment in the finance lease.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

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Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.12 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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.

The cost of inventories (consumable stores, raw materials, work-in-progress and finished goods) is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the economic entity.

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 or current replacement cost 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 or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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.

Water is regarded as inventory when the municipality purchase 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 cannot 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 weighted average method, at the lowest of purified cost and net realisable value, in so far as it is stored and controlled in reservoirs at year-end.

1.13 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

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A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the economic entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the economic entity.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The economic entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the economic entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the economic entity also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the economic entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the economic entity applies the appropriate discount rate to those future cash flows.

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Accounting Policies

Reversal of impairment loss

The economic entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. 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 (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.14 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The economic entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the economic entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

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Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the economic entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the economic entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The economic entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the economic entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. 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 (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.15 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

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Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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 entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

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Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability, the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability, the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the consolidated annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

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The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

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 entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

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Accounting Policies

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

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.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

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Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.16 Provisions and contingencies

Provisions are recognised when:

- the economic entity 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.

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 to settle 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 economic entity 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.

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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 judgement of the management of the entity, supplemented by the 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 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 is unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 45 to enable users to determine the risk involved.

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.

1.17 Capital Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of resources/cash.

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.
- 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.

1.18 Revenue from exchange transactions

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.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

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Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the economic entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the economic entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the economic entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

Rendering of services

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 consumptions 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.

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 or similar distributions 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.

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

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportion basis.

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

Dividends or similar distributions 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.

1.19 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

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Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and regulations established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

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Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

Collection charges are recognised when such amounts are legally enforceable (property rates). Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable.

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 rate revenue already recognised are processed or additional rates revenue is recognised.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

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.

Government Grants and other grants

Equitable share allocation is 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.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

Gifts and donations, including goods in-kind

Gifts and donations, including goods in-kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

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.

1.20 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.21 Other income

Other income represents income from activities other than normal Municipal ordinary operations. These are recognised in surplus when they accrue to the Municipality, that is when the right to receive payment is established. Other income is measured as fair value of the consideration receivable.

1.22 Licenses and permits

Licenses and permits are recognised in surplus when the municipality's right to receive payment has been established. These are measured by applying the relevant gazetted tariff.

1.23 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.24 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)

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.25 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.26 Irregular expenditure

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 economic entity's supply chain management policy. Irregular expenditure excludes unauthorised 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.

1.27 Budget information

Economic Entity is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

General purpose financial reporting by economic entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/07/2016 to 30/06/2017.

The budget for the economic entity includes all the entities approved budgets under its control.

The consolidated annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.28 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.

Related party relationships are disclosed regardless if any transactions took place between the parties during the reporting period.

1.29 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The economic entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The economic entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The economic entity has not applied the following standards and interpretations, which have been published and are mandatory for the economic entity's accounting periods beginning on or after 01 July 2018 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 18: Segment Reporting	1 April 2020	The impact of the amendment is not material
GRAP 20: Related Party Disclosures	1 April 2019	The impact of the amendment is not material
GRAP 32: Service Concession Arrangement	1 April 2019	The impact of the amendment is not material
GRAP 108: Statutory Receivables	1 April 2019	The impact of the amendment is not material
GRAP 109: Accounting by Principles and Agents	1 April 2019	The impact of the amendment is not material
GRAP 110: Living and Non-Living Resources	1 April 2020	The impact of the amendment is not material
IGRAP 18: Recognition and Derecognition of Land	1 April 2019	The impact of the amendment is not material
IGRAP 19: Liabilities to Pay Levies	1 April 2019	The impact of the amendment is not material

3. Investment property

Economic entity	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	293 401	(113 055)	180 346	293 794	(101 417)	192 377

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017

3. Investment property (continued)

Controlling entity	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	293 401	(113 055)	180 346	293 794	(101 417)	192 377

Reconciliation of investment property - Economic entity - 2018

	Opening balance	Disposals	Depreciation	Total
Investment property	192 377	(154)	(11 877)	180 346

Reconciliation of investment property - Economic entity - 2017

	Opening balance	Depreciation	Total
Investment property	201 194	(8 817)	192 377

Reconciliation of investment property - Controlling entity - 2018

	Opening balance	Disposals	Depreciation	Total
Investment property	192 377	(154)	(11 877)	180 346

Reconciliation of investment property - Controlling entity - 2017

	Opening balance	Depreciation	Total
Investment property	201 194	(8 817)	192 377

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposals.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017

4. Property, plant and equipment

Economic entity	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1 425 557	-	1 425 557	1 425 557	-	1 425 557
Buildings	1 454 506	(993 274)	461 232	1 454 579	(891 351)	563 228
Plant and machinery	48 582	(42 714)	5 868	48 488	(39 867)	8 621
Furniture and fixtures	19 686	(15 935)	3 751	19 615	(14 499)	5 116
Motor vehicles	70 983	(52 461)	18 522	63 474	(46 101)	17 373
Office equipment	57 131	(28 962)	28 169	57 120	(41 203)	15 917
Bins and containers	1 838	(1 270)	568	3 533	(2 032)	1 501
Other	2 815	(2 349)	466	2 815	(2 153)	662
Electrical Equipment	15 524	-	15 524	6 777	-	6 777
Emergency Equipment	3 668	(3 336)	332	3 668	(3 201)	467
Specialised vehicles	44 055	(31 331)	12 724	44 055	(27 450)	16 605
Infrastructure - Sewerage	1 016 168	(534 731)	481 437	1 016 168	(508 452)	507 716
Infrastructure - Electricity	1 314 946	(579 475)	735 471	1 239 640	(544 035)	695 605
Infrastructure - Roads and Transport	5 656 493	(2 290 073)	3 366 420	5 652 027	(2 155 736)	3 496 291
Infrastructure - Water	1 241 812	(787 024)	454 788	1 235 869	(732 359)	503 510
Infrastructure - Work in progress	1 080 853	-	1 080 853	584 321	-	584 321
Rustenburg Water Trust Bulk	1 167 347	(576 087)	591 260	1 136 936	(539 772)	597 164
Water Assets						
Total	14 621 964	(5 939 022)	8 682 942	13 994 642	(5 548 211)	8 446 431

Controlling entity	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1 425 557	-	1 425 557	1 425 557	-	1 425 557
Buildings	1 454 506	(993 274)	461 232	1 454 579	(891 351)	563 228
Plant and machinery	48 582	(42 714)	5 868	48 488	(39 867)	8 621
Furniture and fixtures	19 686	(15 935)	3 751	19 615	(14 499)	5 116
Motor vehicles	70 983	(52 461)	18 522	63 474	(46 101)	17 373
Office equipment	57 131	(28 962)	28 169	57 120	(41 203)	15 917
Bins and containers	1 838	(1 270)	568	3 533	(2 032)	1 501
Other	2 815	(2 349)	466	2 815	(2 153)	662
Electrical Equipment	15 524	-	15 524	6 777	-	6 777
Emergency Equipment	3 668	(3 336)	332	3 668	(3 201)	467
Specialised vehicles	44 055	(31 331)	12 724	44 055	(27 450)	16 605
Infrastructure - Sewerage	1 016 168	(534 731)	481 437	1 016 168	(508 452)	507 716
Infrastructure - Electricity	1 314 946	(579 475)	735 471	1 239 640	(544 035)	695 605
Infrastructure - Roads and Transport	5 656 493	(2 290 073)	3 366 420	5 652 027	(2 155 736)	3 496 291
Infrastructure - Water	1 241 812	(787 024)	454 788	1 235 869	(732 359)	503 510
Infrastructure - Work in progress	1 080 853	-	1 080 853	584 321	-	584 321
Total	13 454 617	(5 362 935)	8 091 682	12 857 706	(5 008 439)	7 849 267

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic entity - 2018

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	1 425 557	-	-	-	-	-	-	1 425 557
Buildings	563 228	-	-	-	-	(96 336)	(5 660)	461 232
Plant and machinery	8 621	476	(40)	-	-	(3 087)	(102)	5 868
Furniture and fixtures	5 116	115	(8)	-	-	(1 397)	(75)	3 751
Motor vehicles	17 373	7 509	-	-	-	(5 991)	(369)	18 522
Office equipment	15 917	24 469	(119)	-	-	(11 851)	(247)	28 169
Bins and containers	1 501	-	(641)	-	-	(292)	-	568
Other	662	-	-	-	-	(196)	-	466
Electrical Equipment	6 777	-	-	-	8 747	-	-	15 524
Emergency Equipment	467	-	-	-	-	(135)	-	332
Specialised vehicles	16 605	-	-	-	-	(3 880)	(1)	12 724
Infrastructure - Sewerage	507 716	-	-	-	-	(26 279)	-	481 437
Infrastructure - Electricity	695 605	75 306	-	-	-	(35 380)	(60)	735 471
Infrastructure - Roads and Transport	3 496 291	4 467	-	-	-	(134 338)	-	3 366 420
Infrastructure - Water	503 510	5 943	-	-	-	(54 665)	-	454 788
Work in progress	584 321	582 247	-	(85 715)	-	-	-	1 080 853
Rustenburg Water Trust Bulk Water Assets	597 164	31 646	-	-	-	(36 855)	(695)	591 260
	8 446 431	732 178	(808)	(85 715)	8 747	(410 682)	(7 209)	8 682 942

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic entity - 2017

	Opening balance	Additions	Disposals	Transfers	Revaluations	Other changes, movements	Depreciation	Impairment loss	Total
Land	1 425 557	-	-	-	-	-	-	-	1 425 557
Buildings	645 281	16 195	-	-	-	-	(96 056)	(2 192)	563 228
Plant and machinery	11 605	19	(1)	-	-	-	(3 002)	-	8 621
Furniture and fixtures	6 045	389	-	-	-	-	(1 303)	(15)	5 116
Motor vehicles	27 296	3 236	(6 077)	-	-	-	(7 056)	(26)	17 373
Office equipment	23 074	2 309	(149)	-	-	-	(9 297)	(20)	15 917
Bins and containers	1 708	-	-	-	-	-	(207)	-	1 501
Other	787	-	-	-	-	-	(125)	-	662
Electrical Equipment	11 244	-	-	-	-	(4 467)	-	-	6 777
Emergency Equipment	580	-	-	-	-	-	(113)	-	467
Specialised vehicles	22 363	-	(858)	-	-	-	(3 618)	(1 282)	16 605
Infrastructure - Sewerage	519 296	-	-	-	-	-	(11 366)	(214)	507 716
Infrastructure - Electricity	691 007	48 290	-	-	-	-	(39 302)	(4 390)	695 605
Infrastructure - Roads and Transport	2 955 275	689 058	-	-	-	-	(148 042)	-	3 496 291
Infrastructure - Water	518 717	3 291	-	-	-	-	(16 368)	(2 130)	503 510
Work in progress	934 890	406 017	-	(756 586)	-	-	-	-	584 321
Rustenburg Water Trust Bulk Water Assets	401 382	96 196	(16 408)	-	137 629	-	(17 644)	(3 991)	597 164
	8 196 107	1 265 000	(23 493)	(756 586)	137 629	(4 467)	(353 499)	(14 260)	8 446 431

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2018

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	1 425 557	-	-	-	-	-	-	1 425 557
Buildings	563 228	-	-	-	-	(96 336)	(5 660)	461 232
Plant and machinery	8 621	476	(40)	-	-	(3 087)	(102)	5 868
Furniture and fixtures	5 116	115	(8)	-	-	(1 397)	(75)	3 751
Motor vehicles	17 373	7 509	-	-	-	(5 991)	(369)	18 522
Office equipment	15 917	24 469	(119)	-	-	(11 851)	(247)	28 169
Bins and containers	1 501	-	(641)	-	-	(292)	-	568
Other	662	-	-	-	-	(196)	-	466
Electrical Equipment	6 777	-	-	-	8 747	-	-	15 524
Emergency Equipment	467	-	-	-	-	(135)	-	332
Specialised vehicles	16 605	-	-	-	-	(3 880)	(1)	12 724
Infrastructure - Sewerage	507 716	-	-	-	-	(26 279)	-	481 437
Infrastructure - Electricity	695 605	75 306	-	-	-	(35 380)	(60)	735 471
Infrastructure - Roads and Transport	3 496 291	4 467	-	-	-	(134 338)	-	3 366 420
Infrastructure - Water	503 510	5 943	-	-	-	(54 665)	-	454 788
Work in progress	584 321	582 247	-	(85 715)	-	-	-	1 080 853
	7 849 267	700 532	(808)	(85 715)	8 747	(373 827)	(6 514)	8 091 682

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2017

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	1 425 557	-	-	-	-	-	-	1 425 557
Buildings	645 281	16 195	-	-	-	(96 056)	(2 192)	563 228
Plant and machinery	11 605	19	(1)	-	-	(3 002)	-	8 621
Furniture and fixtures	6 045	389	-	-	-	(1 303)	(15)	5 116
Motor vehicles	27 296	3 236	(6 077)	-	-	(7 056)	(26)	17 373
Office equipment	23 074	2 309	(149)	-	-	(9 297)	(20)	15 917
Bins and containers	1 708	-	-	-	-	(207)	-	1 501
Other	787	-	-	-	-	(125)	-	662
Electrical Equipment	11 244	-	-	-	(4 467)	-	-	6 777
Emergency Equipment	580	-	-	-	-	(113)	-	467
Specialised vehicles	22 363	-	(858)	-	-	(3 618)	(1 282)	16 605
Infrastructure - Sewerage	519 296	-	-	-	-	(11 366)	(214)	507 716
Infrastructure - Electricity	691 007	48 290	-	-	-	(39 302)	(4 390)	695 605
Infrastructure - Roads and Transport	2 955 275	689 059	-	-	-	(148 043)	-	3 496 291
Infrastructure - Water	518 717	3 291	-	-	-	(16 368)	(2 130)	503 510
Infrastructure - Work in progress	934 890	406 017	-	(756 586)	-	-	-	584 321
	7 794 725	1 168 805	(7 085)	(756 586)	(4 467)	(335 856)	(10 269)	7 849 267

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017

4. Property, plant and equipment (continued)

Expenditure incurred to repair and maintain property, plant and equipment

	Economic entity		Controlling entity	
	2018	2017	2018	2017

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Buildings	24 611	4 550	24 611	4 550
Electrical Equipment	-	70	-	70
Emergency Equipment	-	80	-	80
Furniture and Fixtures	-	38	-	38
Infrastructure - Electricity	13 101	16 880	13 101	16 880
Infrastructure - Roads	24 312	27 476	24 312	27 476
Infrastructure - Sewerage	582	1 398	582	1 398
Infrastructure - Water	29 848	10 243	29 848	10 243
Land	-	10 118	-	10 118
Office equipment	930	922	930	922
Other	-	51	-	51
Plant and Machinery	4 895	3 974	4 895	3 974
Rustenburg Water Trust Bulk Water Assets	10 181	8 866	-	-
	108 460	84 666	98 279	75 800

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Work in progress consists of buildings and infrastructure.

5. Intangible assets

Economic entity	2018			2017		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	3 019	(2 967)	52	3 019	(2 489)	530

Controlling entity	2018			2017		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	3 019	(2 967)	52	3 019	(2 489)	530

Reconciliation of intangible assets - Economic entity - 2018

	Opening balance	Amortisation	Impairment loss	Total
Computer software, other	530	(108)	(370)	52
	319			

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017

5. Intangible assets (continued)

Reconciliation of intangible assets - Economic entity - 2017

	Opening balance	Amortisation	Total
Computer software, other	608	(78)	530

Reconciliation of intangible assets - Controlling entity – 2018

	Opening balance	Amortisation	Impairment loss	Total
Computer software, other	530	(108)	(370)	52

Reconciliation of intangible assets - Controlling entity – 2017

	Opening balance	Amortisation	Total
Computer software, other	608	(78)	530

Other information

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance.

All of the municipality's Intangible Assets are held under freehold interest 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.

Economic entity	2018			2017		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Ox Wagon	150	-	150	150	-	150
Historical statue	1 100	-	1 100	1 100	-	1 100
Jewelry	119	-	119	119	-	119
Total	1 369	-	1 369	1 369	-	1 369

	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Ox Wagon	150	-	150	150	-	150
Historical statue	1 100	-	1 100	1 100	-	1 100
Jewelry	119	-	119	119	-	119
Total	1 369	-	1 369	1 369	-	1 369

Reconciliation of heritage assets - Economic entity - 2018

	Opening balance	Total
--	-----------------	-------

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
6. Heritage assets (continued)				
Ox Wagon			150	150
Historical statue			1 100	1 100
Jewelry			119	119
			1 369	1 369

Reconciliation of heritage assets - Economic entity - 2017

	Opening balance	Total
Ox Wagon	150	150
Historical statue	1 100	1 100
Jewelry	119	119
	1 369	1 369

Reconciliation of heritage assets - Controlling entity - 2018

	Opening balance	Total
Ox Wagon	150	150
Historical statue	1 100	1 100
Jewelry	119	119
	1 369	1 369

Reconciliation of heritage assets - Controlling entity - 2017

	Opening balance	Total
Ox Wagon	150	150
Historical statue	1 100	1 100
Jewelry	119	119
	1 369	1 369

7. Investments

Name of company	Held by	Carrying amount 2018	Carrying amount 2017	Carrying amount 2018	Carrying amount 2017
Listed Shares - 13271 Sanlam Shares		1 197	851	1 197	851
Unlisted - Investment in Municipal Entity - 100%		-	-	1	1
		1 197	851	1 198	852

Detail

Market value of listed investments is R1 197; (2017: R851).

8. Finance lease receivables

Present value of minimum lease payments due

- within one year	-	-	166	132
- in second to fifth year inclusive	-	-	1 121	927
- later than five years	-	-	929	1 290
	-	-	2 216	2 349

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
8. Finance lease receivables (continued)				
Non-current assets	-	-	2 050	2 217
Current assets	-	-	166	132
	-	-	2 216	2 349

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 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 Rand Currency Unit.

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.

9. Operating lease asset (liability)

Current assets	121	169	121	169
Current liabilities	-	(1)	-	(1)
	121	168	121	168

Operating leases are recognised on the straight-line basis as per the requirements of GRAP 13. In respect of Non-cancellable Operating Leases the following assets have been recognised:

Balance at beginning of year	169	202	169	202
Operating Lease Revenue recorded	(48)	(33)	(48)	(33)
	121	169	121	169

Balance at beginning of year	(1)	(6)	(1)	(6)
Operating Lease Payable effected	1	5	1	5
	-	(1)	-	(1)

Leasing Arrangements

The Municipality as Lessor:

Operating Leases relate to Property and Equipment owned by the municipality with lease terms of between 1 to 25 years and yearly escalation rates of between 5% - 12%.

The Municipality as a Lessee:

Operating Leases relates to Property leased by the municipality with a lease term of 5 years and yearly escalation of 5%.

Amounts receivable under Operating Leases:

At the reporting date the following minimum lease payments were receivable under non-cancellable operating leases for Property, plant and Equipment, as follows:

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
9. Operating lease asset (liability) (continued)				
Up to 1 year	128	161	128	161
2 to 5 years	129	220	129	220
More than 5 years	9	47	9	47
	266	428	266	428

Total Operating Lease Arrangements:

The impact of charging the escalations in Operating Leases on a straight-line basis over the lease through the Statement of Financial Performance is an increase in current year income of R48 (2017: R33)

No restrictions have been imposed by the municipality in terms of the operating lease agreements.

Accounts payable under Operating Leases:

At the reporting date the following minimum lease payments were payable under non-cancellable operating leases for property as follows:

Up to 1 year	-	10	-	10
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Total Operating Lease Arrangements

The impact of charging the escalations in Operating Leases on a straight-line basis over the lease through the Statement of Financial Performance is an increase in current year expenditure of R1 (2017: R5)

No restrictions have been imposed by the municipality in terms of the operating lease agreements.

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017

10. Employee benefit obligations

Defined benefit plan

Post-retirement Health Care Benefits Liability

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 2018 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)	1 325	1 329	1 325	1 329
In-service Non-members (Employees)	429	423	429	423
Continuation Members (Retirees, widowers and orphans)	127	131	127	131
	1 881	1 883	1 881	1 883

The liability in respect of past

	89 771	88 483	89 771	88 483
In-service Members	29 130	29 338	29 130	29 338
Continuation Members	58 828	57 540	58 828	57 540
In-service: Non members	1 813	1 605	1 813	1 605

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Hosmed
- Keyhealth
- LA Health
- Samwumed

The amounts recognised in the statement of financial position are as follows:

Carrying value

Present value of the defined benefit obligation	(89 771)	(88 483)	(89 771)	(88 483)
Non-current liabilities	(84 270)	(83 130)	(84 270)	(83 130)
Current liabilities	(5 501)	(5 353)	(5 501)	(5 353)
	(89 771)	(88 483)	(89 771)	(88 483)

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	88 483	89 936	88 483	89 936
Benefits paid	(5 123)	(4 730)	(5 123)	(4 730)
Net (income)/expense recognised in the statement of financial performance	6 411	3 277	6 411	3 277
	89 771	88 483	89 771	88 483

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017

10. Employee benefit obligations (continued)

Net (income)/expense recognised in the statement of financial performance

Current service cost	2 024	1 972	2 024	1 972
Interest cost	7 848	7 924	7 484	7 924
Actuarial (gains) losses	(3 461)	(6 619)	(3 461)	(6 619)
	6 411	3 277	6 047	3 277

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	9.24 %	9.14 %	9.24 %	9.14 %
Health Care Cost Inflation Rate	7.19 %	7.50 %	7.19 %	7.50 %
Net Effective Discount Rate - Health care cost inflation	1.91 %	1.53 %	1.91 %	1.53 %
Maximum Subsidy Inflation Rate	5.02 %	5.25 %	5.02 %	5.25 %
Net Effective Discount Rate - Maximum subsidy inflation rate	4.02 %	3.70 %	4.02 %	3.70 %

The basis on which the discount rate has been determined is as follows:

GRAP 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the post-employment liabilities should be used.

Consequently, a discount rate of 9.24% per annum has been used. The corresponding index linked yield at this term is 2.89%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 29 June 2018.

These rates are calculated by using a liability-weighted average of the yields for the three components of the liability. Each component's fixed-interest and index-linked yields were taken from the bond yield curve at that component's duration, using an iterative process (because the yield depends on the liability, which in turn depends on the yield).

Expected Retirement Age

Expected Retirement Age - Female	60	60	60	60
Expected Retirement Age - Male	60	60	60	60
	-	-	-	-

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017

10. Employee benefit obligations (continued)

Other assumptions

Amounts for the current and previous four years are as follows:

	30 June 2014	30 June 2015	30 June 2016	30 June 2017	30 June 2018
Accrued liability	171 215	81 658	89 936	88 483	89 771
Actuarial Gains / (Losses)	(15 781)	13 704	(4 011)	6 619	3 461

Sensitivity Analysis on Current-service and interest cost for the year ending 30 June 2018

	Current-service cost	Interest cost	Total
Central Assumptions	2 024	7 848	9 872
Health care inflation (+1%)	2 244	8 267	10 511
Health care inflation (-1%)	1 771	7 340	9 111
Discount rate (+1%)	1 732	7 842	9 574
Discount rate (-1%)	2 391	7 820	10 211
Post-retirement mortality (-1 years)	2 078	8 119	10 197
Average retirement age (-1 year)	2 141	8 145	10 286
Continuation of membership at retirement	1 393	6 914	8 307
	-	-	-

Sensitivity Analysis on the Accrued Liability - Assumptions & Change for the year ending 30 June 2018

	In-service	Continuation	Total
Central Assumptions	-	-	30 944
Health care inflation (+1%)	-	-	33 789
Health care inflation (-1%)	-	-	27 696
Discount rate (+1%)	-	-	26 960
Discount rate (-1%)	-	-	35 856
Post-retirement mortality (-1 years)	-	-	31 785
Average retirement age (-1 years)	-	-	34 522
Continuation of membership at retirement (-10%)	-	-	20 102
	-	-	-
	-	-	-
	-	-	-

Expected contributions for the year ending 30 June 2019

Opening balance	89 772
Estimate - benefits to be paid	(5 501)
Estimate - Net (income) / expense	<u>9926</u>
Estimate Balance - 30 June 2019	94 197

11. 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 are 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 Funds 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 defined benefit accounting for the pension and retirement funds, due to the following reasons: -

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017

11. Multi-Employer Retirement Benefit Information (continued)

- 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 (18,00% and 22,00% for employees appointed before 01 July 2012) 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 (18,00% and 22,00% for employees appointed before 01 July 2012) 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 (18,00% and 22,00% for employees appointed before 01 July 2012) is sufficient to fund the benefits accruing from the fund in the future.

12. Inventories

Consumable stores	6 036	18 445	6 036	18 445
Water	604	419	604	419
Unsold Properties Held for Resale	24 499	24 499	24 499	24 499
	31 139	43 363	31 139	43 363

Consumables stores consists of maintenance materials and spare parts.

13. Receivables from exchange transactions

Prepaid expenses	39	38	-	-
Other debtors	13 308	13 308	13 308	13 308
Consumer debtors – Electricity	195 443	125 122	195 443	125 122
Consumer debtors – Water	113 680	98 903	100 012	87 229
Consumer debtors – Sewerage	14 119	34 375	14 119	34 375
Consumer debtors – Refuse	14 699	27 646	14 699	27 646
Consumer debtors – Other	54 844	84 587	54 844	84 587
	406 132	383 979	392 425	372 267

Fair value of trade and other receivables

Trade and other receivables	406 132	383 979	392 425	372 367
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Receivables from exchange transactions past due but not impaired

At 30 June 2018, R159 476 (2017: R 108 311) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

2 months past due	159 476	108 311	159 476	108 311
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Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017

13. Receivables from exchange transactions (continued)

Trade and other receivables impaired

As of 30 June 2018, Receivables from exchange transactions of R3 457 184 (2017: R2 958 760) were impaired and provided for.

14. Receivables from non-exchange transactions

Fines	6 137	4 113	6 137	4 113
Payments made in advance	3 002	3 002	3 002	3 002
Short-term Loans	5 425	4 770	5 425	4 770
Sundry Debtors	4 722	4 720	4 722	4 720
Insurance Claims	683	683	683	683
Consumer debtors – Rates	28 090	34 882	28 090	34 882
	48 059	52 170	48 059	52 170

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

Receivables from non-exchange transactions past due but not impaired

At 30 June 2018, R13 254 (2017: R5 014) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

2 months past due	13 254	5 014	13 254	5 014
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Receivables from non-exchange transactions impaired

As of 30 June 2018, Receivables from non-exchange transactions of R276 867 (2017: R216 419) were impaired and provided for.

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.

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017

14. Receivables from non-exchange transactions (continued)

Furthermore, no Provision for Impairment was calculated on Receivables other than Assessment Rates Debtors and fines as the management is of the opinion that all Receivables are recoverable within normal credit terms.

15. VAT receivable

VAT	94 405	84 234	94 820	84 931
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VAT is payable on the receipt 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.

16. Consumer debtors' disclosure

Gross balances

Consumer debtors - Rates	304 957	251 301	304 957	251 301
Consumer debtors - Electricity	830 142	601 062	830 142	601 062
Consumer debtors - Water	1 282 342	1 035 338	1 268 674	1 023 664
Consumer debtors - Sewerage	343 789	278 290	343 789	278 290
Consumer debtors - Refuse	371 109	315 423	371 109	315 423
Consumer debtors - Other	1 022 586	1 067 369	1 022 586	1 067 369
	4 154 925	3 548 783	4 141 257	3 537 109

Less: Allowance for impairment

Consumer debtors - Rates	(276 867)	(216 419)	(276 867)	(216 419)
Consumer debtors - Electricity	(634 699)	(475 940)	(634 699)	(475 940)
Consumer debtors - Water	(1 168 662)	(936 435)	(1 168 662)	(936 435)
Consumer debtors - Sewerage	(329 670)	(243 915)	(329 670)	(243 915)
Consumer debtors - Refuse	(356 410)	(287 777)	(356 410)	(287 777)
Consumer debtors - Other	(967 742)	(982 782)	(967 742)	(982 782)
	(3 734 050)	(3 143 268)	(3 734 050)	(3 143 268)

Net balance

Consumer debtors - Rates	28 090	34 882	28 090	34 882
Consumer debtors - Electricity	195 443	125 122	195 443	125 122
Consumer debtors - Water	113 680	98 903	100 012	87 229
Consumer debtors - Sewerage	14 119	34 375	14 119	34 375
Consumer debtors - Refuse	14 699	27 646	14 699	27 646
Consumer debtors - Other	54 844	84 587	54 844	84 587
	420 875	405 515	407 207	393 841

Rates

Current (0 -30 days)	14 836	21 007	14 836	21 007
31 - 60 days	7 893	8 860	7 893	8 860
61 - 90 days	5 361	5 008	5 361	5 008
> 90 days	-	7	-	7
	28 090	34 882	28 090	34 882

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
16. Consumer debtors' disclosure (continued)				
Electricity				
Current (0 -30 days)	131 155	47 786	131 155	47 786
31 - 60 days	38 520	26 020	38 520	26 020
61 - 90 days	25 768	5 341	25 768	5 341
> 90 days	-	45 975	-	45 975
	195 443	125 122	195 443	125 122
Water				
Current (0 -30 days)	71 551	59 118	57 883	47 444
31 - 60 days	20 225	28 186	20 225	28 186
61 - 90 days	21 904	11 096	21 904	11 096
> 90 days	-	503	-	503
	113 680	98 903	100 012	87 229
Sewerage				
Current (0 -30 days)	5 658	13 502	5 658	13 502
31 - 60 days	4 599	7 969	4 599	7 969
61 - 90 days	3 862	6 208	3 862	6 208
> 90 days	-	6 696	-	6 696
	14 119	34 375	14 119	34 375
Refuse				
Current (0 -30 days)	5 845	10 261	5 845	10 261
31 - 60 days	4 775	7 116	4 775	7 116
61 - 90 days	4 079	5 792	4 079	5 792
> 90 days	-	4 477	-	4 477
	14 699	27 646	14 699	27 646
Other				
Current (0 -30 days)	19 102	20 031	19 102	20 031
31 - 60 days	20 205	18 989	20 205	18 989
61 - 90 days	15 537	21 524	15 537	21 524
> 90 days	-	24 043	-	24 043
	54 844	84 587	54 844	84 587

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
16. Consumer debtors disclosure (continued)				
Summary of debtors by customer classification				
Households and Other				
Current (0 -30 days)	168 201	133 198	168 201	133 198
31 - 60 days	102 082	74 338	102 082	74 338
61 - 90 days	91 182	59 785	91 182	59 785
> 90 days	3 128 379	2 753 601	3 128 379	2 753 601
	3 489 844	3 020 922	3 489 844	3 020 922
Less: Allowance for impairment	(3 286 702)	(2 744 843)	(3 286 702)	(2 744 843)
	203 142	276 079	203 142	276 079
Industrial and commercial				
Current (0 -30 days)	196 363	163 251	182 695	151 577
31 - 60 days	70 688	145 419	70 688	145 419
61 - 90 days	45 736	37 851	45 736	37 851
> 90 days	243 160	89 385	243 160	89 385
	555 947	435 906	542 279	424 232
Less: Allowance for impairment	(347 692)	(334 238)	(347 692)	(334 238)
	208 255	101 668	194 587	89 994
National and provincial government				
Current (0 -30 days)	10 305	19 396	10 305	19 396
31 - 60 days	3 241	5 506	3 241	5 506
61 - 90 days	3 288	(9 437)	3 288	(9 437)
> 90 days	92 300	76 489	92 300	76 489
	109 134	91 954	109 134	91 954
Less: Allowance for impairment	(99 656)	(64 186)	(99 656)	(64 186)
	9 478	27 768	9 478	27 768
17. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	13	13	13	13
Bank balances	119 328	151 409	96 079	35 887
Short-term deposits	111 293	21 714	21 280	21 714
	230 634	173 136	117 372	57 614

The management of the municipality is of the opinion that the carrying value of Current Investment Deposits, Bank Balances and Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair value.

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017

17. Cash and cash equivalents (continued)

The economic entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2018	30 June 2017	30 June 2016	30 June 2018	30 June 2017	30 June 2016
Primary Bank Account - ABSA - Main Branch Rustenburg - Account Number 1220000458 and Landfill Bank Account - Account Number 4093972008	24 287	14 695	33 731	8 323	21 218	16 145
Housing Bank Account - ABSA - Main Branch Rustenburg - 4054617192	215	14 669	14 091	215	14 669	14 091
Reserves Bank Account - ABSA - Main Branch Rustenburg - 9330627743	82 571	-	-	82 571	-	-
Deposits Bank Account - ABSA - Main Branch Rustenburg - 9330627793	3 452	-	-	3 452	-	-
Conditional Grants Bank Account - ABSA - Main Branch Rustenburg - 9330627858	1 518	-	-	1 518	-	-
Distribution Reserve Account - ABSA - Account number 4061024001	5 257	2 404	260	5 257	2 404	260
Distribution Call Account - ABSA - Account number 4077517288	17 950	29 250	39 960	17 950	29 250	39 960
Debt Service Reserve Account - ABSA - Account number 4061023877	35	66 120	30	35	66 120	30
Contingent Reserve Account - ABSA - Account number 4061024116	7	14 759	6	7	14 759	6
Industrial Reserve Account - ABSA - Account number 4061024051	1	2 988	2	1	2 988	2
Contingency Reserve Account - ABSA - Account number 2075315886	-	-	13 712	-	-	13 712
Industrial Reserve Account - ABSA - Account number 2075315878	-	-	2 778	-	-	2 778
Debt Service Reserve Account - ABSA - Account number 2075315894	-	-	61 418	-	-	61 418
Total	135 293	144 885	165 988	119 329	151 408	148 402

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017

Absa Call Account	2 039	3 625	2 039	3 625
Absa	94 851	4 609	4 838	4 609
Standard Bank	531	497	531	497
Kagiso Asset Management	5 800	5 436	5 800	5 436
Sanlam	7 482	6 957	7 482	6 957
Absa Guarantee Deposits	590	590	590	590

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
17. Cash and cash equivalents (continued)	111 293	21 714	21 280	21 714

Guarantees

Guarantees reflected above in the Guarantee deposit of ABSA to the value of R590 (2017:R590) are ceded in favour of third parties.

Financial Guarantee R2 163 (rounded to R'000)

Financial Guarantee - (Local Documented Product - Guarantees) R26 782 (rounded to R'000)

Facilities

Leases (Full maintenance lease) R200 000 (rounded to R'000)

18. Revaluation reserve

Opening balance	266 483	120 536	-	-
Impairment adjustment for the year	(129)	(1 715)	-	-
Revaluation Surplus	(15)	147 662	-	-
	266 339	266 483	-	-

19. Finance lease obligation

Minimum lease payments due

- within one year	6 988	-	6 988	-
- in second to fifth year inclusive	12 590	-	12 590	-
Present value of minimum lease payments	19 578	-	19 578	-

Non-current liabilities	12 590	-	12 590	-
Current liabilities	6 988	-	6 988	-
	19 578	-	19 578	-

Finance Lease Liabilities relates to IT Equipment with lease terms of 36 months. The effective interest rates on Finance Leases is 10%. Capitalised Lease Liabilities are secured over the items of IT equipment leased.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets.

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
20. Unspent conditional grants and receipts				
Unspent conditional grants and receipts comprises of:				
Unspent conditional grants and receipts				
National Government Grants - Department of Water, Agriculture and Forestry (DWAF)	358	358	358	358
National Government Grants - Skills Levy	572	572	572	572
National Government Grants - Municipal Infrastructure Grant (MIG)	-	405	-	405
Provincial Government Grants - Department of Sports, Arts and Culture (DSAC Library)	3 774	2 940	3 774	2 940
Provincial Government Grants - Housing Project Account	15 306	15 306	15 306	15 306
Provincial Government Grants - Department Sports, Arts and Culture (DSAC)	35	35	35	35
Provincial Government Grants – COGTA	2 031	2 031	2 031	2 031
Provincial Government Grants - LG Seta	957	162	957	162
Local: BPDM: Cleaning of cemeteries/ LED business plans and other	13	13	13	13
Other:Royal Bafokeng: Western By-pass	4 564	4 564	4 564	4 564
Other: National Lottery	12	12	12	12
Other: Seed Funding	422	422	422	422
Other	7 544	7 544	7 544	7 544
Other: EEDG	25	25	25	25
Other: Grant Renovation Old Marikana House	7	7	7	7
Other: NSCOOP	89	89	89	89
National Government Grants - Municipal Water Infrastructure Grant (MWIG)	10 274	17 257	10 274	17 257
Provincial Government Grants - DPLG Housing	443	-	443	-
	46 426	51 742	46 426	51 742

See note 31 for reconciliation of grants from National / Provincial Government.

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
21. Other financial liabilities				
At amortised cost				
INCA The loan is repayable in equal installments of R4 002 at the end of February and August every year, with final installment payable 29 February 2024. The loan bears interest at 13.82%	33 402	36 801	33 402	36 801
ABSA Loan 30-1798-1971 The loan is repayable in installments of R1 448 payable at the end of May and November, with the final installment payable 31 May 2020. The loan bears interest at 11.73%.	5 553	7 620	5 553	7 620
ABSA Loan 30-1798-2317 The loan is repayable in installments of R1 456 payable at the end of May and November, with the final installment payable 30/06/2021. The loan bears interest at 11.95%.	8 220	9 989	8 220	9 989
ABSA Loan 30-2236-2516 The loan is repayable in installments of R1 489 payable at the end of May and November, with the final installment payable 30/06/2022. The loan bears interest at 11.95%.	9 302	11 014	9 302	11 014
DBSA Loan 61007193 The loan is repayable in 6 monthly installments in December and June, with the redemption date of 2 July 2029. The loan bears interest at 9.90%.	258 509	271 080	258 509	271 080
DBSA Loan 61007264 The loan is repayable in 6 monthly installments in December and June, with the redemption date of 28 June 2030. The loan bears interest at 10.07%	133 154	138 723	133 154	138 723
ABSA Loan The loan is repayable in 6 monthly installments of R20 573, with the redemption date of 30 June 2025. The loan bears interest of 12.34%.	113 561	137 997	-	-
	561 701	613 224	448 140	475 227
Total other financial liabilities	561 701	613 224	448 140	475 227
The management of the municipality is of the opinion that the carrying value of Other financial liabilities recorded at amortised cost in the Consolidated Financial Statements approximate their fair value.				
Non-current liabilities				
At amortised cost	504 052	561 763	418 131	448 240
Current liabilities				
At amortised cost	57 649	51 461	30 009	26 987

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017

22. Provisions

Reconciliation of provisions - Economic entity - 2018

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	106 727	9 430	-	116 157
Long Service Awards	43 270	7 970	(3 081)	48 159
	149 997	17 400	(3 081)	164 316

Reconciliation of provisions - Economic entity - 2017

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	98 841	7 886	-	106 727
Long Service Awards	41 014	5 955	(3 699)	43 270
	139 855	13 841	(3 699)	149 997

Reconciliation of provisions - Controlling entity - 2018

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	106 727	9 430	-	116 157
Long Service Awards	43 270	7 970	(3 081)	48 159
	149 997	17 400	(3 081)	164 316

Reconciliation of provisions - Controlling entity - 2017

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	98 841	7 886	-	106 727
Long Service Awards	41 014	5 955	(3 699)	43 270
	139 855	13 841	(3 699)	149 997

Non-current liabilities	117 684	105 812	117 684	105 812
Current liabilities	46 632	44 185	46 632	44 185
	164 316	149 997	164 316	149 997

Environmental rehabilitation provision

In terms of the licensing of the landfill refuse sites, the municipality will incur licensing and rehabilitation costs of R160 972 to restore the sites at the end of its useful life, estimated to be between 16 and 24 years for the Waterval landfill site. An inflation rate of 4.08% was used in determining the future value. Provision has been made for the net present value of this cost, using the average cost of borrowing interest rate. A discount rate of 8.90% was used in determining the Net Present Value.

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.

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017

22. Provisions (continued)

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried at 30 June 2018 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 principal assumptions used for the purposes of the actuarial valuations were as follows for the year ended 30 June 2018:

Discount rate - 8.65%
 General salary inflation - 6.23%
 Net discount rate - 2.28%

The principal assumptions used for the purposes of the actuarial valuations were as follows for the year ended 30 June 2017:

Discount rate - 8.54%
 General salary inflation - 6.36%
 Net discount rate - 2.05%

The basis on which the discount rate has been determined is as follows:

GRAP 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the post-employment liabilities should be used.

Consequently, a discount rate of 8.65% per annum has been used. The first step in the derivation of this yield is to calculate the liability-weighted average of the yields corresponding to the actual terms until payment of long service awards, for each employee. The 8.65% is then derived as the liability-weighted average of the yields derived in the first step. The corresponding liability-weighted index-linked yield is 2.77%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 29 June 2018.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Expected Retirement Age - Females	63	63	63	63
Expected Retirement Age - Males	63	63	63	63
	-	-	-	-

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	43 271	41 015	43 271	41 015
Current service cost	4 317	4 381	4 317	4 381
Interest cost	3 498	3 383	3 498	3 383
Actuarial losses / (gains)	154	(1 809)	154	(1 809)
Employer Benefit Vesting	(3 081)	(3 699)	(3 081)	(3 699)
Present Value of Fund Obligation at the end of the Year	48 159	43 271	48 159	43 271

The amount recognised in the Statement of Financial Position are as follows:

Present value of unfunded obligations	48 159	43 271	48 159	43 271
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The amount recognised in the Statement of Financial Performance are as follows:

Current service cost	4 317	4 381	4 317	4 381
Interest cost	3 498	3 383	3 498	3 383
Actuarial losses / (gains)	154	(1 809)	154	(1 809)

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
22. Provisions (continued)				
Total Post-Retirement Benefit included in Statement of Financial Performance	7 969	5 955	7 969	5 955

History of Liability	30 June 2014	30 June 2015	30 June 2016	30 June 2017	30 June 2018
Accrued Liability	24 770	37 199	41 015	43 271	48 159
Actuarial Gains / (Losses)	(1 192)	(1 307)	(418)	1 809	(154)
	-	-	-	-	-

Sensitivity Analysis on Current-service and interest Costs for the year ending 30 June 2018 - Assumptions and Change

			Current-service cost	Interest cost	Total
General assumptions	-	-	4 317	3 499	7 816
General salary inflation (+1%)	-	-	4 712	3 761	8 473
General salary inflation (-1%)	-	-	3 966	3 262	7 228
Discount rate (+1%)	-	-	3 996	3 637	7 633
Discount rate (-1%)	-	-	4 684	3 331	8 015
Average retirement age (-2yrs)	-	-	3 951	3 135	7 086
Average retirement age (+2 yrs)	-	-	4 651	3 808	8 459
Withdrawal rates (-50%)	-	-	5 806	4 313	10 119
	-	-	-	-	-

Sensitivity Analysis on the Unfunded Accrued Liability (in R millions) for the year ended 30 June 2018 - Assumptions & Change

					Liability
Central assumptions	-	-	-	-	48 159
General salary inflation (+1%)	-	-	-	-	51 573
General salary inflation (-1%)	-	-	-	-	45 073
Discount rate (+1%)	-	-	-	-	44 995
Discount rate (-1%)	-	-	-	-	51 723
Average retirement age (-2 yrs)	-	-	-	-	43 291
Average retirement age (+2 yrs)	-	-	-	-	52 301
Withdrawal rates	-	-	-	-	58 532
	-	-	-	-	-

23. Payables from exchange transactions

Trade payables	489 854	460 462	611 001	525 660
Payments received in advanced	107 873	71 420	107 873	71 420
Accrued leave pay	42 890	40 810	42 890	40 810
Accrued bonus	17 416	15 739	17 416	15 739
Unallocated Deposits	79 444	60 290	79 444	60 290
Other Creditors	32 041	44 636	32 041	44 636
Retentions	52 369	48 266	52 369	48 266
Sundry Deposits	2 437	2 461	2 437	2 461
	824 324	744 084	945 471	809 282

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017

23. Payables from exchange transactions (continued)

Staff leave accrue to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

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 timeframe.

The management of the municipality is of the opinion that the carrying value of creditors approximate their fair values.

24. Consumer deposits

Electricity and Water	51 631	49 745	51 631	49 745
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Guarantees

Guarantees held in lieu of electricity and water	28 846	30 002	28 846	30 002
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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 value.

25. Service charges

Sale of electricity	2 001 740	2 011 578	2 001 740	2 011 578
Sale of water	497 545	387 672	439 848	335 815
Sewerage and sanitation charges	117 054	118 120	117 054	118 120
Refuse removal	124 822	114 483	124 822	114 483
	2 741 161	2 631 853	2 683 464	2 579 996

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.

The municipality bills Xstrata on the megaflex tariffs as per the contract with the customer. The above results in non-compliance with the Electricity Regulation Act and a decrease in service charges of R248 108 (2017: R138 157)

26. Rental of facilities and equipment

Premises

Rental Revenue from Land	3 402	2 267	3 402	2 267
Rental Revenue from Halls	1 924	1 187	1 924	1 187
Rental Revenue from Building	4 431	4 218	4 431	4 218
	9 757	7 672	9 757	7 672

Facilities and equipment

Rental Revenue from Amenities	2 003	1 002	2 003	1 002
Rental Revenue from Other Facilities	714	647	714	647
	2 717	1 649	2 717	1 649
	12 474	9 321	12 474	9 321

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
27. Other income				
Building Plan Fees	608	778	608	778
Bank charges recovered	133	176	133	176
Application for clearance certificate	689	920	689	920
Service connections	1 735	2 033	1 735	2 033
Reconnection fees	2 364	4 595	2 364	4 595
Network upgrade contributions	-	620	-	620
Cemetery Fees	864	823	864	823
Advertising Signs	1 594	1 693	1 594	1 693
Legal Costs Recovered	1	1	1	1
Photocopies	84	92	84	92
Tender Documents	1 142	522	965	499
Town Planning Fees	-	15	-	15
Sundry Income	412	16 495	412	17 145
Swimming pool fees	198	136	198	136
Recovery of Anglo DAF expenses	-	13 254	-	-
	9 824	42 153	9 647	29 526

28. Interest received - other

Interest received - other

Investments	22 181	23 828	12 842	14 960
Finance leases	-	-	255	267
	22 181	23 828	13 097	15 227

29. Property rates

Rates received

Residential	142 748	128 149	142 748	128 149
Commercial	156 072	148 713	156 072	148 713
State	18 758	17 577	18 758	17 577
Agriculture	13 264	12 309	13 264	12 309
	330 842	306 748	330 842	306 748

Valuations

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 2014. 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 a 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.

30. Grants and subsidies paid

Other subsidies

Community Projects	71 051	3 202	71 051	3 361
Rustenburg Water Service Trust	-	-	35 981	47 338
	71 051	3 202	107 032	50 699

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
31. Government grants and subsidies				
Operating grants				
Equitable share	526 072	451 980	526 072	451 980
National - Financial Management Grant	1 700	1 625	1 700	1 625
Provincial - Seta: EPWP training	4 249	4 219	4 249	4 219
Provincial - LG Seta	-	985	-	985
	532 021	458 809	532 021	458 809
Capital grants				
National: Municipal Infrastructure Grant (MIG)	239 841	169 603	239 841	169 603
National Public Transport Network Grant (PTNG)	314 156	345 354	314 156	345 354
Provincial: Department of Sports, Arts and Culture (DSAC Library)	566	518	566	518
National Municipal Water Infrastructure Grant (MWIG)	71 983	15 131	71 983	15 131
	626 546	530 606	626 546	530 606
	1 158 567	989 415	1 158 567	989 415

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

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.

National: DWAF

Balance unspent at beginning of year	358	358	358	358
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Conditions still to be met - remain liabilities (see note 20).

National: Skills Levy

Balance unspent at beginning of year	572	572	572	572
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Conditions still to be met - remain liabilities (see note 20).

National: Public Transport Infrastructure

Balance unspent at beginning of year	-	155 914	-	155 914
Rollover not allowed	-	(155 914)	-	(155 914)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 20).

The grant was received to assist municipalities to create and improve public transport systems in line with the National Land Transport Act (2009) and the Public Transport Strategy. This includes all integrated public transport network infrastructure, such as bus rapid transit systems, conventional bus services and upgrades for pedestrian and cycling infrastructure. It also subsidise the operation of these services.

National: Department Minerals and Energy (DME)

Balance unspent at beginning of year	-	7 492	-	7 492
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Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
31. Government grants and subsidies (continued)				
Rollover not allowed	-	(7 492)	-	(7 492)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 20).

Expenses were incurred to promote rural development and upgrade electricity infrastructure.

National: Financial Management Grant (FMG Grant)

Balance unspent at beginning of year	-	13	-	13
Current-year receipts	1 700	1 625	1 700	1 625
Conditions met - transferred to revenue	(1 700)	(1 625)	(1 700)	(1 625)
Rollover not allowed	-	(13)	-	(13)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 20).

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.

National: Municipal Infrastructure Grant (MIG Funds)

Balance unspent at beginning of year	405	30 400	405	30 400
Current-year receipts	239 436	169 914	239 436	169 914
Conditions met - transferred to revenue	(239 841)	(169 603)	(239 841)	(169 603)
Rollover not allowed	-	(30 306)	-	(30 306)
	-	405	-	405

Conditions still to be met - remain liabilities (see note 20).

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.

National: Municipal Systems Improvement Grant (MSIG Funds)

Balance unspent at beginning of year	-	52	-	52
Rollover not allowed	-	(52)	-	(52)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 20).

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 institutional and governance systems, as required in the Municipal Systems Act (2000) and related legislation.

Provincial: Department of Sports, Arts and Culture Grant (DSAC Library)

Balance unspent at beginning of year	2 940	1 458	2 940	1 458
Current-year receipts	1 400	2 000	1 400	2 000
Conditions met - transferred to revenue	(566)	(518)	(566)	(518)
	3 774	2 940	3 774	2 940

Conditions still to be met - remain liabilities (see note 20).

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017

31. Government grants and subsidies (continued)

The grant was received to transform rural and urban community library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised programme at provincial level in support of local government and national initiatives.

Provincial: Housing Project Account

Balance unspent at beginning of year	15 306	14 052	15 306	14 052
Current-year receipts	-	1 254	-	1 254
	15 306	15 306	15 306	15 306

Conditions still to be met - remain liabilities (see note 20).

Provincial: Department Sports, Arts and Culture (DSAC)

Balance unspent at beginning of year	35	35	35	35
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Conditions still to be met - remain liabilities (see note 20).

Provincial: COGTA

Balance unspent at beginning of year	2 031	2 031	2 031	2 031
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Conditions still to be met - remain liabilities (see note 20).

The grant was utilised for the maintenance of roads in the jurisdiction area of the municipality.

Provincial: Expanded Public Works Programme Integrated Grant (EPWP)

Balance unspent at beginning of year	-	4 835	-	4 835
Current-year receipts	4 249	4 219	4 249	4 219
Conditions met - transferred to revenue	(4 249)	(4 219)	(4 249)	(4 219)
Rollover not allowed	-	(4 835)	-	(4 835)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 20).

The grant was used to incentivize 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 EPWP guidelines.

Provincial: LG Seta

Balance unspent at beginning of year	162	1 146	162	1 146
Current-year receipts	795	-	795	-
Conditions met - transferred to revenue	-	(984)	-	(984)
	957	162	957	162

Conditions still to be met - remain liabilities (see note 20).

This grant was utilised to construct a training centre for pupils of the fire services division.

Local: BPDM: Cleaning of cemeteries / LED Business Plans and other

Balance unspent at beginning of year	13	13	13	13
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Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017

31. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 20).

The grant is received from district municipalities for the cleaning of cemeteries, LED business plans and various other initiatives.

Other: Royal Bafokeng: Western By-pass

Balance unspent at beginning of year	4 564	4 564	4 564	4 564
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Conditions still to be met - remain liabilities (see note 20).

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 2010 Soccer World Cup.

Other: National Lottery

Balance unspent at beginning of year	12	12	12	12
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Conditions still to be met - remain liabilities (see note 20).

The grant was received from National Lottery for the upgrading and maintaining of hospice facilities.

Other: Seed Funding

Balance unspent at beginning of year	422	422	422	422
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Conditions still to be met - remain liabilities (see note 20).

This grant was utilised for the maintenance of roads in the jurisdiction area of the municipality. No funds have been withheld.

Other

Balance unspent at beginning of year	7 544	7 544	7 544	7 544
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Conditions still to be met - remain liabilities (see note 20).

Money received from Local business in the promoting to various business ventures.

Other: Energy Efficiency and Demand-Side Management Grant

Balance unspent at beginning of year	25	25	25	25
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Conditions still to be met - remain liabilities (see note 20).

The grant funds selected municipalities to implement energy-efficiency projects, with a focus on public lighting and energy efficient municipal infrastructure.

Other: Grant Renovation Old Marikana House

Balance unspent at beginning of year	7	7	7	7
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Conditions still to be met - remain liabilities (see note 20).

Other: NSCOOP

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
31. Government grants and subsidies (continued)				
Balance unspent at beginning of year	89	89	89	89
Conditions still to be met - remain liabilities (see note 20).				
National: Public Transport Network Grant (PTNG)				
Balance unspent at beginning of year	-	60 315	-	60 315
Current-year receipts	314 156	285 039	314 156	285 039
Conditions met - transferred to revenue	(314 156)	(345 354)	(314 156)	(345 354)
	-	-	-	-
Conditions still to be met - remain liabilities (see note 20).				
National: MWIG				
Balance unspent at beginning of year	17 257	2 388	17 257	2 388
Current-year receipts	65 000	30 000	65 000	30 000
Conditions met - transferred to revenue	(71 983)	(15 131)	(71 983)	(15 131)
	10 274	17 257	10 274	17 257
Conditions still to be met - remain liabilities (see note 20).				
Provincial: DPLG Housing				
Current-year receipts	443	-	443	-
Conditions still to be met - remain liabilities (see note 20).				

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
32. Employee related costs				
Basic	380 032	367 170	374 884	362 526
Bonus	30 307	27 279	30 307	27 279
Medical aid - company contributions	37 246	35 302	37 246	35 302
UIF	3 147	3 199	3 147	3 199
WCA	-	2 666	-	2 666
SDL	5 259	4 905	5 259	4 905
Group Life	254	249	254	249
Pension	70 623	66 121	70 623	66 121
Industrial Council Levy	177	172	177	172
Other long-term employee benefits: Long-service awards	1 236	682	1 236	682
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	24 626	21 314	24 626	21 314
Housing benefits and allowances	1 929	2 339	1 929	2 339
Overtime payment	32 947	25 411	32 947	25 411
Other Employee Cost	15 125	7 487	15 125	7 487
	602 908	564 296	597 760	559 652
Remuneration of Municipal Manager				
Annual Remuneration	1 678	438	1 678	438
Car Allowance	-	9	-	9
Acting Allowance	-	286	-	286
Contributions to UIF, Medical and Pension Funds	118	23	118	23
	1 796	756	1 796	756
Remuneration of Chief Financial Officer				
Annual Remuneration	1 055	-	1 055	-
Contributions to UIF, Medical and Pension Funds	12	2	12	2
Acting Allowance	37	370	37	370
	1 104	372	1 104	372
Remuneration of Director: Community Development				
Annual Remuneration	559	941	559	941
Car Allowance	40	56	40	56
Acting Allowance	84	95	84	95
Contributions to UIF, Medical and Pension Funds	30	50	30	50
	713	1 142	713	1 142
Remuneration of Director: Corporate Services				
Annual Remuneration	920	1 340	920	1 340
Acting Allowance	66	-	66	-
Contributions to UIF, Medical and Pension Funds	51	79	51	79
	1 037	1 419	1 037	1 419
Remuneration of Director: Local Economic Development				
Annual Remuneration	890	825	890	825
Car Allowance	126	-	126	-
Acting Allowance	12	9	12	9

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
32. Employee related costs (continued)				
Contributions to UIF, Medical and Pension Funds	18	10	18	10
	1 046	844	1 046	844
Remuneration of Director: Planning and Human Settlements				
Annual Remuneration	700	498	700	498
Car Allowance	-	30	-	30
Acting Allowance	73	148	73	148
Contributions to UIF, Medical and Pension Funds	42	28	42	28
	815	704	815	704
Remuneration of Director: Technical and Infrastructure Services				
Annual Remuneration	683	629	683	629
Car Allowance	-	123	-	123
Contributions to UIF, Medical and Pension Funds	102	136	102	136
Acting Allowance	106	676	106	676
	891	1 564	891	1 564
Remuneration of Director: Public Safety				
Annual Remuneration	1 238	1 098	1 238	1 098
Car Allowance	84	84	84	84
Contributions to UIF, Medical and Pension Funds	73	67	73	67
	1 395	1 249	1 395	1 249
Remuneration of Director: Rust Rapid Transport				
Contributions to UIF, Medical and Pension Funds	6	17	6	17
Acting Allowances	662	1 494	662	1 494
	668	1 511	668	1 511
Remuneration of Chief Operating Officer				
Annual Remuneration	-	795	-	795
Car Allowance	-	27	-	27
Contributions to UIF, Medical and Pension Funds	-	23	-	23
	-	845	-	845
Total employee related cost	-	612 373	574 702	607 225
33. Remuneration of councillors				
Executive Major	1 023	922	1 023	922
Speaker	708	597	708	597
Mayoral Committee Members	7 438	6 443	7 438	6 443
Chief Whip	658	589	658	589
Councillors	25 097	20 268	25 097	20 268
Company Contributions to UIF, Medical and Pension Funds	3 726	2 601	3 726	2 601
	38 650	31 420	38 650	31 420

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
34. Depreciation and amortisation				
Property, plant and equipment	410 682	353 248	373 827	335 604
Investment property	11 877	8 817	11 877	8 817
Intangible assets	108	78	108	78
	422 667	362 143	385 812	344 499

35. Impairment of assets

Impairments

Property, plant and equipment With the assessment of the useful life and inspection of the asset conditions impairments were recognised.	6 672	12 548	6 512	10 271
Intangible assets With the assessment of the useful life and inspection of the asset conditions impairments were recognised	370	-	370	-
Inventories During the inventory count obsolete stock were identified and provided for.	-	899	-	899
Consumer Debtors Recoverability of receivables from exchange and non-exchange transactions were assessed and provision for impairment were identified.	534 022	456 387	534 022	456 387
Other receivables from non-exchange revenue Receivables from non-exchange revenue Recoverability of IGRAP receivables were assessed and provision for impairment were identified.	9 653	3 095	9 653	3 095
	550 717	472 929	550 557	470 652

36. Finance costs

Employee benefits	11 347	11 306	11 347	11 306
Finance leases	884	285	884	285
Loans and Payables at amortised cost	64 808	70 370	48 097	50 824
	77 039	81 961	60 328	62 415

37. Bulk purchases

Electricity	1 470 502	1 743 836	1 470 502	1 743 836
Water	310 762	282 120	430 056	394 840
	1 781 264	2 025 956	1 900 558	2 138 676

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 Rand Water and Magalies Water.

38. Contracted services

Training	4 405	5 074	4 405	5 074
Professional fees	29 003	49 243	28 084	49 243
Security Services	19 758	11 635	19 758	11 635
Valuation Services	502	348	502	348
Other Contractors	154 247	109 549	156 413	114 685
	207 915	175 849	209 162	180 985

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
39. General expenses				
Advertising	3 186	6 671	849	1 084
Auditors remuneration	9 054	8 118	8 555	7 494
Bank charges	3 915	3 908	3 907	3 900
Consulting and professional fees	2 018	2 047	2 018	2 047
Consumables	2 089	1 760	2 089	1 760
Entertainment	(32)	25	(32)	25
Legal Costs	3 361	5 251	3 225	5 225
Hire	11 312	1 155	11 312	1 155
Insurance	4 031	2 563	3 237	1 727
Marketing	464	46	464	46
Contribution for landfill sites	9 430	7 885	9 430	7 885
Postage and courier	2 721	1 492	2 721	1 492
Printing and stationery	14 141	11 999	14 141	11 999
Subscriptions and membership fees and levies	5 904	5 801	5 904	5 801
Telephone and fax	4 334	5 192	4 334	5 192
Transport and freight	10 617	20 094	10 617	20 094
Travelling Subsistence	714	686	714	686
Assets written off	961	7 086	961	7 086
Water	75 718	69 017	-	-
Strategic Planning	-	28	-	-
Transport and freight	-	10 047	-	-
License fees	657	472	482	472
Ward committee	4 892	2 187	4 892	2 187
Printing of license cards	1 825	1 910	1 825	1 910
AVM Online Vending Services	11 147	33 504	11 147	33 504
Chemicals	935	255	935	255
Other expenses	11 480	5 217	11 480	5 217
	194 874	214 416	115 207	128 243

The amounts disclosed above for Other 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.

40. Fair value adjustments

Other financial assets				
• Other financial assets	16	6	16	6

41. Auditors' remuneration

Fees	9 054	8 118	8 555	7 494
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Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
42. Cash generated from operations				
Surplus Adjustments for:	237 453	211 583	162 695	113 566
Depreciation and amortisation	422 667	362 143	385 812	344 499
Gain on disposal of assets	(4 101)	(2 771)	(4 101)	(4 042)
Fair value adjustments	(16)	(6)	(16)	(6)
Finance costs	65 692	70 655	48 981	51 109
Impairment loss	550 717	472 929	550 557	470 652
Movements in operating lease assets	48	33	48	33
Movements in employee benefit obligations	1 288	(1 454)	1 288	(1 454)
Movements in provisions	14 319	10 141	14 319	10 141
Changes in working capital:				
Inventory	12 224	(4 509)	12 224	(4 509)
Receivables from exchange and non-exchange transactions	(571 888)	(540 974)	(569 478)	(542 483)
Payables from Exchange transactions and other payables	76 809	(158 082)	132 758	(127 443)
	805 212	419 688	735 087	310 063

43. Financial instruments disclosure

Categories of financial instruments

Economic entity - 2018

Financial assets

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	406 132	406 132
Receivables from non-exchange transactions	-	48 059	48 059
Cash and cash equivalents	230 634	-	230 634
Investments	1 197	-	1 197
Guarantees	28 846	-	28 846
	260 677	454 191	714 868

Financial liabilities

	At amortised cost	Total
Other financial liabilities	561 702	561 702
Payables from exchange transactions	824 324	824 324
Consumer Deposits	51 631	51 631
Finance Lease Obligation	19 578	19 578
	1 457 235	1 457 235

Economic entity - 2017

Financial assets

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	383 979	383 979
Receivables from non-exchange transactions	-	52 170	52 170
Cash and cash equivalents	173 136	-	173 136
Investments	851	-	851

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
43. Financial instruments disclosure (continued)				
Guarantees		30 002	-	30 002
		203 989	436 149	640 138

Financial liabilities

	At amortised cost	Total
Other financial liabilities	613 224	613 224
Payables from exchange transactions	744 084	744 084
Consumer deposits	49 745	49 745
	1 407 053	1 407 053

Controlling entity - 2018

Financial assets

	At fair value	At amortised cost	At cost	Total
Receivables from exchange transactions	-	392 425	-	392 425
Receivables from non-exchange transactions	-	48 059	-	48 059
Cash and cash equivalents	117 372	-	-	117 372
Investments	1 197	-	1	1 198
Finance lease receivables	-	2 216	-	2 216
Guarantees	28 846	-	-	28 846
	147 415	442 700	1	590 116

Financial liabilities

	At amortised cost	Total
Other financial liabilities	448 141	448 141
Payables from exchange transactions	945 469	945 469
Consumer Deposits	51 631	51 631
Finance lease obligation	19 578	19 578
	1 464 819	1 464 819

Controlling entity - 2017

Financial assets

	At fair value	At amortised cost	At cost	Total
Receivables from exchange transactions	-	372 267	-	372 267
Receivables from non-exchange transactions	-	52 170	-	52 170
Cash and cash equivalents	57 614	-	-	57 614
Investments	851	-	1	852
Finance lease receivables	-	2 349	-	2 349
Guarantees	30 002	-	-	30 002
	88 467	426 786	1	515 254

Financial liabilities

	At amortised cost	Total
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Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
43. Financial instruments disclosure (continued)				
Other financial liabilities			475 227	475 227
Payables from exchange transactions			809 282	809 282
Consumer deposit			49 745	49 745
			1 334 254	1 334 254

Derivative financial instruments and hedging information

Cash and cash equivalents and investments are measured at quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

Financial Liabilities Maturity Analysis

30 June 2018 - Economic entity	< 1 year	1 to 2 years	2 to 5 years	5+ years	Total
Other financial liabilities	57 649	64 937	163 674	275 442	561 702
Payables from exchange transactions	824 324	-	-	-	824 324
Consumer deposits	51 631	-	-	-	51 631
Finance lease obligation	6 988	7 719	4 871	-	19 578
	940 592	72 656	168 545	275 442	1 457 235

30 June 2017 - Economic entity	< 1 year	1 to 2 years	2 to 5 years	5+ years	Total
Other financial liabilities	51 461	56 056	191 759	313 948	613 224
Payables from exchange transactions	744 084	-	-	-	744 084
Consumer deposits	49 745	-	-	-	49 745
	845 290	56 056	191 759	313 948	1 407 053

30 June 2018 - Controlling entity	< 1 year	1 to 2 years	2 to 5 years	5+ years	Total
Other financial liabilities	30 009	33 805	108 885	275 442	448 141
Payables from exchange transactions	945 469	-	-	-	945 469
Consumer deposits	51 631	-	-	-	51 631
Finance lease obligation	6 988	7 719	4 871	-	19 578
	1 034 097	41 524	113 756	275 442	1 464 819

30 June 2017 - Controlling entity	< 1 year	1 to 2 years	2 to 5 years	5+ years	Total
Other financial liabilities	26 987	28 416	105 876	313 948	475 227
Payables from exchange transactions	809 282	-	-	-	809 282
Consumer deposits	49 745	-	-	-	49 745
	886 014	28 416	105 876	313 948	1 334 254

44. Commitments

Commitments in respect of Capital Expenditure

Already contracted for but not provided for

• Approved and contracted for:	420 797	568 983	332 724	449 409
Total capital commitments				
Approved and contracted for:	420 797	568 983	332 724	449 409

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017

45. Contingencies

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
RLM / Ngake. Unfair dismissal dispute-matter at the labour court for review. Ms Ngake brought contempt of court application against the municipal manager. Matter set down for hearing on 03 August 2018	66	60	66	60
RLM / Lesley Moleme. Employee referred an unfair dismissal to the bargaining council.	80	80	80	80
RLM / More. Defending a review application in the Labour Court. In the process of preparing the answering papers.	70	70	70	70
RLM / Telkom (4 cases). Telkom is suing Rustenburg for damaging Telkom's fibre optic cables. We have filed the pleas on behalf of Rustenburg and awaiting the plaintiff's discovery affidavits.	80	80	80	80
RLM / Taukobong and others. Reviewing the Chairperson's ruling. Matter set down for hearing on 06 September 2018	30	100	30	100
Ntja Paulus Sello / RLM. Claim for loss of income in the amount of R85 931-00. We filed a plea, awaiting the plaintiff to set the matter down.	50	-	50	-
Telkom SA / RLM. Action instituted by Telkom for damages sustained due to negligence by employees of RLM in damaging cables of Telkom. A Discovery Affidavit on behalf of RLM was already served and filed on 11/07/2016. Since then, the Plaintiff's attorneys have not taken any steps to file their Discovery Affidavit. The attorneys are not taking any further steps on behalf of RLM to obtain a trial date and are keeping our file in abeyance pending further action by the Plaintiff's attorneys.	8	8	8	8
Nehemia Segoe / RLM & Another. Summons issued against RLM for damages sustained as a result of a fire. Exception was granted in favour of RLM and Plaintiff amended his Summons. Awaiting a trial date to be allocated	15	15	15	15
SAMANCOR CHROME LIMITED / RLM. Application for declaratory order that:-(i) The approval of the amendment known as Amended Scheme 2012 of the Rustenburg Land Use Management Scheme, 2005 by RLM as declared in Local Authority Notice 31 as published on 24 March 2015 in the North West Provincial Gazette No. 7421 in terms of section 125 of the Town Planning and Township Ordinance, 1996 be reviewed and set aside. Settlement negotiations were unsuccessful. Applicant set the matter down for hearing on 21 August 2017. Advice provided that high risk in proceeding to oppose the matter. Opposition withdrawn and order granted with cost order. Awaiting taxation of costs for payment.	150	25	150	25

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
45. Contingencies (continued)				
AGENCY FOR NEW AGENDA & OTHERS / RLM & OTHERS Urgent High Court Application to order the removal of the Mayor and MM and placing the RLM under administration. Matter successfully opposed on behalf of Council. Costs have been taxed and awaiting return of service from Sheriff regarding warrant in execution against Applicant.	4	4	4	4
KEIKO PRODUCTIONS CC & ANOTHER / RLM. 1. High Court Application to interdict RLM against taking further steps to invite tenders in relation to BID RLM/OEM/0049/2015/2016 and related relief. 2. Arbitration proceedings instituted against Council for payment of damages in an amount of R33 282 406.80. In the High Court matter the application was successfully opposed on behalf of Council and the Applicants ordered to pay legal costs. In process of drafting a Bill of Costs for taxation. The arbitration matter was finalised and amount of R4,4M to be paid by RLM.	4	89	4	89
SARASCOPE (PTY) LTD & OTHERS / RLM & ANOTHER. High Court Application to review and set aside the cancellation of tender RLM/DTIS/0041/201415 – DELIVERY OF WATER TANKS. Application dismissed with costs. Attending to taxation of costs and recovery of taxed costs from applicant.	15	20	15	20
RLM / LOSABA SERVICES CC. Application for Rescission of Judgment to set aside default judgment granted against RLM for the outstanding payment in the amount of R1 381 537-50 to the supply of water tankers in various areas in Rustenburg. Received instructions from RLM to settle matter. RLM not providing instructions on signing of settlement agreement.	20	50	20	50
RLM / NOVEL ENTERPRISES. Application for Rescission of Judgment to set aside default judgment granted against RLM for the outstanding payment in the amount of R1 891 900-00 to the supply of water tankers in various areas in Rustenburg. Received instructions from RLM to settle matter. RLM not providing instructions on signing of settlement agreement.	20	50	20	50
NYAMEZELA CONSULTING ENGINEERS (PTY) LTD / RLM Claim for outstanding payment in the amount of R8 562 087-23 for the electrification of houses at Ikemeleng Informal Settlement (Ward 35) as per Bid no. RLM/DTIS/0003/2012/2013. Plea delivered on behalf of RLM. Awaiting instructions on proceeding with defense of matter.	40	60	40	60
ANDRE DU TOIT / RLM Claim in the amount of R420 000-00 in respect injuries sustained as a result of the motor vehicle accident as they alleged that RLM failed to maintain the road at the Waterfall Mall where the road users did not notice that the road has four-way stop. Matter being defended and Plea delivered on behalf of Council.	50	50	50	50

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
45. Contingencies (continued)				
BOFFIN & FUNDI (PTY) LTD / RLM Claim in the amount of R2 641 050-42 in respect of services rendered to conduct audit on all properties within the area of jurisdiction of RLM to reconcile with the billing system of RLM. Filed notice of exception to particulars of claim and awaiting answer to same. Pre-trial held and awaiting trial date to be allocated.	60	60	60	60
EAST RAND WATER CARE COMPANY / RLM Claim in the amount of R1 118 681-95 in respect of services rendered to conduct laboratory service in water when chemical and micro biological analysis are done. Plaintiff withdrew action and tendered costs. Attending to taxation and recovery of costs.	15	3	15	3
MARATA GO BONWA TRADING CC / RLM Action in High Court for payment of R671 799.49 for supply of garden services at pump stations and reservoirs. Order granted against RLM for payment of interest and costs Awaiting reasons for judgement from Court to advise on grounds for appeal.	50	30	50	30
TSHETSHIBO TRADING KHAWULEZA JOINT VENTURE / RLM High Court Application to compel RLM to comply with contract for BID: RLM/BTO/0097/2014/2015. Application successfully opposed on behalf of RLM and Applicant will have to pay the taxed costs of party/party-scale. Costs have been taxed and awaiting return of service from Sheriff regarding warrant in execution against Applicant.	6	4	6	4
RLM / SHARMA PETROLEUM CC Instructions from Council to proceed with a Court Application against the registered owner interdicting the illegal use and occupation of the premises situated at ERF 208; 209 & 210, WATERVAL EAST X26, which can include use of the relevant gravel road causing nuisance. Consulted with counsel to draft the necessary application.	-	120	-	120
LEBEREGANE ENGINEERING SERVICES CC / RLM High Court Application to compel RLM to pay directly to the Applicant invoices received on the project RLM/DI/0017/2010/11. Matter successfully opposed on behalf of RLM and Applicant ordered to pay party/party - costs of RLM. The party/party bill of cost of RLM has now been taxed in a total amount of R93 960.82. In process of recovering this amount from the Applicant.	5	5	5	5
R & M FAITHFUL COMPUTERS / RLM Action against Council to services rendered, being delivery of water with water tankers at various areas. Matter defended and Plea delivered on behalf of Council.	-	60	-	60
S Zahos / RLM. Urgent application to re-connect electricity supply unlawfully disconnected. Order granted against RLM with cost order. Costs taxed in amount of R101134.48 to be paid by RLM.	110	-	110	-
Aecom SA (Pty) Ltd / RLM. Claim for payment of professional service rendered – Waste disposal transfer station – R6 818 289-20. Summary judgement application successfully opposed. Awaiting service of plaintiff's declaration.	60	-	60	-
Gabtu Project Management and Construction CC / RLM. Review and setting aside of the tender and claim for damages. Awaiting date for hearing from Court.	50	-	50	-

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
45. Contingencies (continued)				
Lethadika CC / t/a LT Services / RLM. Breach of Cession Agreement – R160 375-20. Awaiting allocation of trial date from Court	50	-	50	-
JST Construction CC / RLM A claim in the amount of R3 166 821-10 in respect of the design and construction: Extension of the CCTV monitoring unit as per BID No.: RLM/DPS/0043/2013/14. Parties are still exchanging pleadings and the interlocutory application will be heard on 19 October 2017	350	3 517	350	3 517
RLM / MDANGO VINCENT AND 21 OTHERS (SERALENG) Eviction proceedings in terms of P.I.E. Act by R.L.M. against 20 illegals. Preparing submission to National Department of Human Settlement	85	200	85	200
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. First Defendant filed Application to Amend its Plea.	310	10 000	310	10 000
RLM / LITHABA BASADI INVESTMENTS (PTY) LTD Recovery of unpaid moneys. Judgement granted and Warrant of Execution issued.	110	110	110	110
S.O. MATSHIDISO CONSTRUCTION & PROJECTS C.C. / RLM "1. This is a civil claim.2. On 15 March 2016, S.O. Matshidiso Construction issued Summons against Rustenburg Municipality at the Gauteng Local Division.3. The amount claimed is R34 998 485-40.4. The dispute arises from a service level agreement that was concluded between the parties on 4 October 2013, for, inter alia, the procurement, supply storage and transportation of paraffin stoves to the indigents on behalf of the Defendant.5. The service level agreement commenced on 01st October 2013, and subsists until 31st October 2016. "1. We have prepared the conduct and rules for arbitration and the same have been served to the Plaintiff's Attorneys.2. We have immense pressure on Plaintiff's Attorneys to respond to our Statement of case but in vain. Consequently, we are now Arranging that the matter be set down for arbitration. 3. We intend to apply for the trial date at the Gauteng Local Division so that we may have this matter dismissed with costs in our favour. Once the aforesaid has been achieved we will instruct costs consultants to prepare bill of costs, i.e., if the matter gets dismissed with costs.4. We are also now focusing on arbitration processes.	750	750	750	750

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
<p>45. Contingencies (continued) WATERLINK WAREHOUSE (PTY) LTD / RUSTENBURG LOCAL MUNICIPALITY. "1. On 3 March 2016, WATERLINK WAREHOUSE (PTY) LTD // RUSTENBURG LOCAL issued Summons MUNICIPALITY for payment of the sum of R4 284 270-90.2. Allegedly "Waterlink Warehouse (Pty) Ltd (the Plaintiff herein) duly delivered material to the Defendant from time to time upon the specific instance and request of Plaintiff and / or La Face.3. It is further alleged that "Plaintiff's through La Face, duly submitted its invoice together with the relevant documentation, on the 7th of September 2015. T hereafter, payment was due on the 8th of October 2015, being 30 days after date of receipt of the invoice by Rustenburg Local Municipality (Defendant herein).4. The amount allegedly due and owing to the Plaintiff is an amount of R4 284 270-90.5. On 22 July 2016, Default Judgment was granted against Defendant.6. Warrant of Execution was issued on 2 September 2016, and was accordingly served to the Defendant by Sheriff. "1. The matter was set down on 25 to 29 June 2018 for trial.2. However, the Plaintiff brought an Application for postponement.3. The Defendant fiercely opposed the aforesaid Application.4. After hearing the arguments from both sides, the court came to the conclusion that "in the interest of justice" it would be prudent to grant the Plaintiff the Application for postponement, each party to its own costs.5. We have requested our correspondent attorneys to provide us with a new trial date.</p>	1 300	650	1 300	650
<p>WATERLINK WAREHOUSE (PTY) LTD / RUSTENBURG LOCAL MUNICIPALITY. "1. On 23 August 2016, the Plaintiff (WATERLINK WAREHOUSE (PTY) LTD issued Summon against the Defendant (Rustenburg Local Municipality). In North West Division Court, Mahikeng, for payment of an invoice in the sum of R551 338-36.2. Payment was allegedly due on the 28th of December 2015, being 30 days of receipt of the invoice by the Defendant.3. The Defendant allegedly failed to pay the aforesaid amount of R551 338-36.4. The Plaintiff is therefore now claiming the following from the Defendant: (a) An amount of R551 338-36, And(b) An amount of R1 088 319-12, being profit as result of loss of profit.(c) Total amount claimed = R1 639 657-48, Plus interest at a rate of 10, 25% per annum, from date of default until date of final payment. "1. On 1st of September 2016, we served & filed Notice of Intention to Defend.2. On 13 September 2016, we served and filed Defendant's Plea.3. Since then we have not heard anything from Plaintiff's Attorneys.4. We take this opportunity to request your further instructions as to whether we should pend this matter OR file discovery documents and apply for trial.5. We also intend to attempt to consolidate this matter with the abovementioned matter and have them tried on the same day if we are successful.</p>	850	550	850	550

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
45. Contingencies (continued)				
TORO YA AFRICA / RLM Claim issued by Toro Ya Africa against RLM for payment of R1 561 708.00 plus interest at 15.5% since December 2013 plus legal costs for the construction of services by Toro Ya Africa for a housing development for the RLM; alternatively, the amount RLM has been enriched by for services rendered. Matter settled in terms of Settlement Agreement entered into on the 3rd of March 2017 prior to the trial date. The Settlement Agreement was made an order of court but not complied with by the RLM. Writ issued against RLM for settlement amount plus costs of writ. RLM paid settlement amount only. RLM advised to pay further costs of writ and interest.	-	19	-	19
SHAIKH AND SHAIKH / RLM. Claim against RLM alleging unlawful destruction of property. The claim for damages amounts to R780 000-00. Shaikh's not proceeding and have conceded. Their attorneys have withdrawn following our advancing of a defense that Shaikh could not reply to. Awaiting decision from RLM as to whether RLM want to force the trial and cost tender. The Shaikh's claim to have no money to pay RLM any costs. No assets found in a property search – no apparent equity in the subject property which has also burnt down. RLM cautioned not to throw good money after bad pursuing a costs order (which we will get) where Shaikh's have no means to pay it. RLM to make a risk decision on pursuing costs.	45	200	45	200
MUNWATCH / RLM Application to compel RLM to furnish the information in terms of the Promotion of Access to Information Act 2 of 2000 Some of the information requested has been supplied but most has not as documents are either lost or inaccessible as Dr Doc is not working. RLM must supply the outstanding information they are legally obliged to supply.	-	150	-	150
FLEETMATICS / RLM Claim to set aside and review procurement contracts to procure +/- R350 Million worth of vehicles. The risk is this sum. The application was issued and opposed but is not proceeding. Fleetmatics not pushing the matter.	-	1 000	-	1 000
UMSO CONSTRUCTION / RLM Application to challenge tender award. RLM has been successful in the full bench appeal, Supreme Court of Appel. Bills of costs taxed and RLM has been paid for some of the bills, writs have been issued for outstanding payments	-	30	-	30
SMEC SA / RLM Claim for payment of R6 488 598.28 for professional services rendered plus interest at a rate of 9% plus legal costs. Summons issued and RLM defended it. RLM paid SMEC which deposed of the matter but there remains a dispute regarding the payments of interest and other amounts.	-	125	-	125
FOODCORP (PTY) LTD T/A SUNBAKE RUSTENBURG / RLM Application to have the electricity tariff levied by the RLM declared invalid and set aside for the 2015/176 financial year. Judgement given in the RLM's favour on the 18th of May 2017, the tariff was held to be valid (Application dismissed with costs). Sunbake applied for leave to appeal. If leave is given, then the matter will go on appeal. If leave is not given, then a bill of costs will be drawn and taxed.	-	250	-	250

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
45. Contingencies (continued)				
FDT ELECTRICAL / RLM Application to compel RLM to award a tender to an electrical infrastructure and maintenance as and when needed to FDT Electrical. The Application is opposed, the pleadings are closed, and the matter is ready for hearing. The RLM were advised that FTD have gone into provisional liquidation which accordingly suspends the litigation.	-	250	-	250
SAFARI CENTRE / RLM. Application by Safari Centre to compel statement and debatement on accounts and to correct errors. Counterclaim by RLM for payment of all outstanding rates and taxes, water and electricity etc. in the sum of R 1 544 447.51. RLM and Safari held discussions over the last 12 months trying to resolve the matter. This has failed. The matter is proceeding in the ordinary course. Answering affidavit filed by RLM together with counter claim for payment of all outstanding rates and taxes, water and electricity amounts due in the amount of R 1 544 447.51 (as at May 2018) to RLM. Applicant to file replying affidavit and answer to counterclaim.	250	250	250	250
RLM/ Glencore/ Xstrata. Mediation/ Arbitration regarding the termination of electricity supply agreement with Glencore/ Xstrata. RLM want Glencore to pay as a regular user and Glencore want to contract directly with Eskom. This matter to be referred to mediation and/or arbitration. Matter will go through Mediation and Arbitration and almost certainly litigation with Constitutional Court a possibility. Matter will run.	1 500	700	1 500	700
Munwatch /RLM / Broadbrush (MUNSOLVE). Application to compel RLM to furnish the information in terms of the Promotion of Access to Information Act 2 of 2000. The application has been postponed pending resolution of the matter between the parties. We have given Munsolve the information they are entitled to.	140	-	140	-
Broadbrush Mmela Investment Holdings (Pty) Ltd / RLM (ACTION). Issued summons for claiming damages in the amount of approximately R498m based on the grounds of cancellation of their appointment as per the Bid document. This matter is to proceed in the ordinary course. RLM has filed a plea and counterclaim making a collateral challenge to the tender award. Matter will go to trial. Pleadings closed. RLM is awaiting discovery and pre-trial notices and a trial date. RLM is not Dominus. We have started preparing the discovery affidavit in anticipation.	1 000	-	1 000	-
Mmela Investment Holdings (Pty) Ltd / RLM (URGENT APPLICATIONS). Urgent applications to interdict RLM from appointing another Service Provider (RRT Smart City tender) pending the main action claiming payment of R498 and RLM's collateral challenge to review and set aside the cancellation of bid awarded to them. The urgent applications were successfully opposed, and judgement granted in favor of RLM in 2 urgent applications. To proceed to tax bill of costs for RLM.	30	-	30	-

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
45. Contingencies (continued)				
Ian Phillip Muller / RLM. Claim in the amount of R860 000-00 for personal injuries suffered as a result of motor vehicle accident in which the Applicant alleges failure of legal duty by the municipality to keep proper maintenance of the road at or near Watsonia Avenue, Geelhout Park, Rustenburg. The matter was referred to Lateral Unison Insurance Company (the then Insurance Company for RLM) but the insurance repudiated claim since their contract has been terminated. This matter is proceeding in the ordinary course. Points in liming have been raised by RLM. Plaintiff has not responded and may not proceed. We will "let sleeping dogs lie" as we are not Dominus and plaintiff seems wary of proceeding and dealing with the comprehensive legal challenges raised.	100	-	100	-
Consensus Computing (Pty) Ltd / RLM. Application for review of Tender No. RLM/DCS/0098/2016/17 – On Printing Solution Urgent Application launched by Consensus to interdict the RLM from proceeding to award a tender to the successful bidder. The urgent application was successfully opposed by the RLM. Judgement granted in favor of RLM. No appeal has been lodged. To proceed to tax bill of costs for RLM.	30	-	30	-
Evolution Technology / RLM. Application for review of Tender No. RLM/DCS/0098/2016/17 – On Printing Solution Urgent Application launched by Evolution to interdict the RLM from proceeding to award a tender to the successful bidder. RLM successfully opposed the application. Judgment awarded in favor of the RLM. No appeal has been lodged by Evolution Technology to the judgement. To proceed to prepare and tax bill of costs.	30	-	30	-
Vesta / RLM. Arbitration Proceedings. Arbitration proceedings commenced to resolve the dispute between the parties. The Arbitration is not currently proceeding as a result of the Court Application launched by the RLM as set out in item 12 below. Court may refer the matter back to the arbitration in due course.	2 000	-	2 000	-
Vesta / RLM. Court Application by RLM to review the contract as invalid, unlawful and unconstitutional. Various urgent interlocutory applications brought to restore and keep access to Phoenix accounting system. Application proceedings were launched by RLM on the 23 July 2018. The Respondent to file notice of intention to oppose as well as Answering Affidavit. The matter is expected to be heard in 2019. R LM succeeded with various interim urgent applications to keep access to the Phoenix accounting system. All costs reserved to date.	3 000	-	3 000	-

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
45. Contingencies (continued)				
Public Protector / RLM and Foxway & Impala Platinum. Compliant lodged with the Public Protector arising from flooding that occurred as a result of houses being constructed within the 100 year flood line. Litigation by Foxway blaming RLM for wrongly approving flood lines in building plans referred to RLM's insurers. Reports have been prepared to the Public Protector setting out the matter and responding to questions posed by the Public Protector. Discussion are taking place between RLM and Foxway Impala. Information now received that there was a second flood and Impala want RLM to contribute. To assess whether any causes of current flooding are attributable to RLM, e.g. bridge specifications or storm water attenuation issues.	250	-	250	-
Eritha Doors / RLM. Demand by Eritha Doors to recover the sum of R 4 599 502.06 on a cession of debts. RLM is of the view that there is no liability to Eritha Doors as any claim by Eritha Doors lies against Makgotamishe (refer item 16 below). Awaiting summons following demand.	300	-	300	-
RLM/ Makgotamishe. RLM has instituted summons for payment of the sum of R 12 148 284.65. Expect counterclaim of not less than R31 million. Summons issued and served upon Makgotamishe, awaiting notice of intention to defend and counterclaim. Action to proceed in the ordinary course. Matter will proceed and will be complex with expert evidence required.	1 800	-	1 800	-
GCF/ RLM. Application by GCF for payment of the sum of R 787 423.95. Action instituted by GCF. Application for summary judgement by GCF opposed by RLM. Summary judgment application removed from the roll. Matter proceeding in the ordinary course. Criminal complaints made.	250	-	250	-
RLM / Lateral Unison. Review application to set aside appointment of service provider. Without prejudice settlement discussions appear unlikely to resolve the matter. Awaiting settled affidavit from Counsel in order to proceed with the review application.	250	-	250	-
RLM / Makgosi. Urgent Interdict to stop RLM outsourcing or undertaking credit control measures itself. Answering papers filled. RLM has reasonable success prospects.	500	-	500	-
Bigen Africa Services (Pty) Ltd / RLM. Claim for outstanding payment for professional service rendered (Design and Implementation of refurbishment of Sewer Treated water reticulation system) in the amount of R610 508.71. Appearance to defend entered. Technical points taken. Bigen seemingly not pursuing. RLM had indicated that they would be paying. Awaiting confirmation that RLM has paid.	50	-	50	-
Thomas Alexander Brough & Others / Rustenburg Local Municipality Demolishing of structures.	300	241	300	241
Bokaba's Refuse Removal / RLM. Dispute in respect of a claim for cost working days during civil unrest at Lethabong in the amount of R2 336 382-25 against the Engineer's ruling for the amount of R236 764-00. Parties proposed a settlement, client did not accept. Matter was withdrawn.	500	500	500	500

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
45. Contingencies (continued)				
Venter Foods (Pty) Ltd t/a Fires Rustenburg / RLM Spoliation application for the reopening of the business property and interdicting from closing the business. Matter finalized	-	100	-	100
Telkom SA / RLM. Action instituted by Telkom SA for damages in the amount of R16324 - 49 sustained allegedly due to negligence by employees of RLM in damaging 200PR underground cables for 60M ("telecommunications line") of at Kremetart Avenue, Geelhout Park.	100	-	100	-
RLM / GEORGE MOLEFE. Application for restraining order in respect of contravention of the Land Use at the property known as ERF. 940 Unit B Tlhabane. Matter before court, the other side filed answering affidavit.	300	300	300	300
RLM / MR/S E & RGM MASILO. Contravention of land use at Erf. 620 Rustenburg (House No. 4 Oos street – Rustenburg East. Matter finalised in favour of the Rustenburg Local Municipality	100	100	100	100
RLM / ILLEGAL INVADERS OF PORTIONS 68 & 69 OF THE FARM PAARDEKRAAL 279 JQ Urgent application for Court interdict against invaders of the property described as the portions 68 & 69 of the Farm Paardekraal 279 JQ. Client informed to stop eviction application.	-	200	-	200
TSIETSI PETRUS MOHULATSI AND OTHERS / RLM Urgent Ex-Parte application interdicting RLM from executing the eviction order at the property known Portion 1 of the Farm Town and Townlands 272 JQ (Karlien Park and Zinniaville) Matter postponed to 12 October 2017	-	300	-	300
MWENZI SERVICE STATION T/A BP / RLM. Application for contempt of court against the municipality on allegations that the latter is contemplating to construct the Central Bus Station in the President Mbeki Drive without rezoning the street as ordered by the court. Application dismissed	500	1 200	500	1 200
KARELIENPARK / PORTIONS OF 272 JQ, RUSTENBURG / RLM Unlawful invaders interdict Preparing application.	-	300	-	300
Rolley Mutitese Madala / RLM & Others. Spoliation application to reconnect electricity at the property known as 151A Klopper Street - Rustenburg. Matter set down for trial on 22 August 2018.	100	-	100	-
Boikhutso Botho Mogorosi / Executive Mayor Mpho Khunou and Others. Application for interdict against the intention of the Executive Mayor and Others to evict the applicant from the property known as house number 38, Amberboom Crescent. Applied for trial date.	100	-	100	-
RLM / Jane Mpolokeng and Others. Urgent interdict for unlawful invasion of the property known as Portion 1 of the Farm Rietvly 271 JQ - Rustenburg. Final order granted in favour with costs.	1 000	-	1 000	-
RLM / Cigicell. The municipality is disputing claims made by Cigicell for metering services. Such invoices were never presented to the municipality until a confirmation was requested for audit purposes	-	44 617	-	44 617

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
45. Contingencies (continued)				
Geontsi / RLM. A claim in the amount of R3 201 174-26 in respect of the design, construction and monitoring of low cost housing at Bethanie Phase 2, Mathopestad Phase 2 and Boitekong Ext 8. Pleadings are closed. We are in the process to finalize preparation for the trial. We have to consult with our expert witnesses. The pre-trial in the process to be arranged.	450	-	450	-
Maximum Profit Recovery (Pty) Ltd / RLM. Urgent application to prohibit RLM and others from taking any further steps whatsoever in the tender process of tender RLM/BTO/0107/2017/2018 (Conducting the VAT Review, Recovery and Compliance on behalf of RLM) pending finalization of the review application. In regard to Maximum Profit Recovery matter, same is currently with the objection adjudicator in terms of the revised supply chain management policy wherein it should be resolved with 60 days. Once that objection is finalised, it is uncertain as to what the objector will proceed in doing regard being had to Part B of their application upon the outcome of the objection. Nevertheless, Part B still lingers with the court and our office will proceed with Part B once the objection is finalised.	300	-	300	-
Makgosi Consulting CC / RLM. Action proceedings for the rectification of the agreement between RLM and Makgosi. The due date for RLM's plea is on 9 July 2018 (where after Makgosi becomes entitled to file a notice of bar, affording RLM a further 5 court days to file its plea), where after Makgosi may deliver its replication or pleadings will close. Once pleadings are closed, trial preparation will be underway. At this stage, it is not anticipated that Makgosi will push this action forward beyond pleadings stage as, by the time the matter is heard, the contract which Makgosi is attempting to rectify would have expired (2019), rendering its relief academic. This is the basis for the estimate in the next column.	50	-	50	-
Makgosi Consulting CC / RLM. Makgosi has applied for payment of amounts it is owed in terms of the SLAs between it and RLM. ENS has instructions that RLM wishes to settle this matter by effecting payment of the capital amount, but not of interest. If this proposal is accepted, which will likely be the case, there will be no further costs in relation to the application. This is the basis for the estimate in the next column.	25	-	25	-
Sebalo Rebecca Pilane / RLM. Urgent Spoliation application to restore water and electricity at the property known as ERF 1923 Bo-Dorp Rustenburg. Parties are still exchanging pleadings.	100	-	100	-
Eskom Holding Soc Limited / RLM. EVICTION. Parties are still exchanging pleadings.	100	-	100	-
Pec Utility Management / RLM. Demand for R 1 198 659-04 from the municipality. Parties are still exchanging pleadings.	100	-	100	-

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
45. Contingencies (continued)				
Bogadi Gloria Thekwe and others / Ernst Dinale, RLM and Others. Application for claim of damages in respect of the property known as Erf. 2025 Geelhoutpark Ext 6, which is alleged to have extensive domestic refuse and therefore became unsuitable for residential purposes. Awaiting further pleadings.	250	-	250	-
	20 763	67 652	20 763	67 652

Landfill Sites:

The municipality does not have permits for the following landfill sites:

- Bethanie
- Lethabong
- Marikana
- Monakato
- 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 municipalities.

Contingent assets

The municipality has no contingent assets.

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017

46. Related parties

Relationships

Controlled entities	Refer to note 7
Members of key management and councillors	Refer to note 32&33

Related party balances

Loan accounts - Owing (to) by related parties

Rustenburg Water Services Trust	2 216	2 348
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Amounts included in Trade receivable (Trade Payable) regarding related parties

Rustenburg Water Services Trust - Water Sales	(132 312)	(67 539)
Rustenburg Water Services Trust - Grant & subsidy	(5 472)	(9 140)
Rustenburg Water Services Trust - IMQS Software	(2 664)	(5 855)

Related party transactions

Interest paid to (received from) related parties

Rustenburg Water Services Trust	(255)	(266)
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Purchases from (sales to) related parties

Rustenburg Water Services Trust	119 294	112 720
Rustenburg Water Services Trust - IMQS Software	2 337	5 136

Transfer payment / Grant & Subsidy paid to (received from) related parties

Rustenburg Water Services Trust	35 981	47 497
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Transfer payment / Grant & Subsidy (conditions met by related party)

Rustenburg Water Services Trust	(35 981)	(47 497)
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Telemetry System paid to (received from) related parties

Rustenburg Water Services Trust	-	(650)
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The transactions between the Rustenburg Local Municipality and the Rustenburg Water Services Trust is classified as related party transactions. 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.

Transactions between Trustees and RWST

Obakeng Kutsoane	87	60	-	-
Daisy Sedumedi	114	75	-	-
Torrence Mathonsi	103	65	-	-
	304	200	-	-

The transactions between the Trustees and The Rustenburg Water Services Trust is classified as related party transactions. The nature of the relationship is that the Trustees are on the board and thereby has an influence on financial and operating policies of the Trust

Transactions and Balances Between ABSA Bank Limited and RWST

Interest received	9 339	8 868	-	-
Bank charges	(8)	(8)	-	-
Interest paid on term loan	(16 711)	(19 546)	-	-
Term Loan	113 561	137 997	-	-
	-	-	-	-

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017

46. Related parties (continued)

The transactions between ABSA Bank limited and The Rustenburg Water Services Trust is classified as related party transactions. The nature of the relationship is that ABSA has the right to appoint one representative to the board of Trustees and thereby has an influence on financial and operating policies of the Trust.

47. Change in estimate

Change in accounting estimate - Rustenburg Water Services Trust

During the 2012 revaluation, the remaining useful life of the assets that the trust leases from the municipality was limited to the end of the leasing period. During the 2016/17 financial year, it became evident that the assets will not revert back to the Municipality after the lease expiry date and as a result the trust could no longer limit the remaining useful life to the end of the lease period.

During the 2017 revaluation, condition assessments were performed, new residual values and estimated useful lives were determined resulting in a lower depreciation charge. The amount of the effect in future periods could not be disclosed, estimating it is impracticable due to the fact that the change in residual values and estimated useful lives were identified as part of the 2017 revaluation and could not be differentiated.

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017

48. Prior period errors

Transactions reflected in this note are rounded to thousands.

The following Prior period error corrections were done for the 2016 financial year:

The Provision for long service awards was previously calculated on basic salaries of employees as opposed to total packages of employees. Furthermore, interest costs were not separated from employee costs. The correction resulted in a decrease in retained earnings of R11 542, an increase in provision for long service awards (non-current) of R10 494 and an increase in provision for long service awards (current) of R1 048.

After year payments were noted that relate to the 2015/16 financial year. This resulted in an increase in general expenses - transport costs of R737, an increase in VAT receivables of R90 and an increase in trade payables of R827.

Irregular expenditure decreased by R94 938 due to exceptions raised last year that were investigated and additional items identified when the full population of payments and contracts were investigated.

A decrease in Receivables from exchange transactions of R19 177 an increase of VAT receivables of R2 355 and a decrease in services charges of R16 822 occurred due to corrections made after year end to accounts due to various reasons which include over and under billing of customer accounts.

A decrease in Receivables from non-exchange transactions of R448 and a decrease in property rates of R448 occurred due to corrections made after year end to accounts due to various reasons which include over and under billing of customer accounts.

Additional corrections were made to assets due to exceptions raised last year and additional items identified when the full population of assets was investigated. The corrections resulted in a decrease in Accumulated depreciation: Investment Property of R6 500, an increase in Accumulated depreciation: PPE of R29 468, an increase in Heritage Assets of R150, a decrease in Investment Property of R12 560, an increase in PPE of R1 222 498, a decrease in Retained earnings of R288 660 and a decrease in WIP of R1 475 779.

An increase in PPE of R98 928 and a decrease in Inventory of R98 928 occurred due to the reclassification of land which was previously incorrectly classified as inventory.

The Provision for rehabilitation of landfill sites was recalculated using the net present value method in line with GRAP 19. The correction resulted in a decrease in Non-Current Provisions of R31 579 and an increase in Retained earnings of R31 579.

An increase in Retained Earnings of R109 261 and a decrease in Employee benefit obligation (non-current) of R109 261 occurred due a change in demographic assumptions.

The following Prior period error corrections were done for the 2017 financial year as reflected in below tables:

The Provision for long service awards was previously calculated on basic salaries of employees as opposed to total packages of employees. Furthermore, interest costs were not separated from employee costs. The correction resulted in a decrease in Employee related costs - long service awards of R2 305, a decrease in actuarial gains of R232, an increase in finance costs - employee benefits of R3 383, an increase in provision for long service awards (non-current) of R1 997 and a decrease in provision for long service awards (current) of R687.

Internal consumption charges raised as revenue and expenditure was corrected in line with audit findings. The correction resulted in a decrease in service charges of R16 270 and a decrease in general expenses - consumption expenditure of R16 270

The interest portion of the post-employment medical aid obligation was not separated from employee costs. The correction resulted in an increase in finance costs - employee benefits of R18 671 and a decrease employee related costs - defined benefit plan expense of R18 671

After year payments were noted that relate to the 2016/17 financial year. This resulted in an increase in general expenses - transport costs of R330, an increase in contracted services - professional services of R689, an increase in contracted services - other of R222, an increase in receivables from non-exchange transactions - short term loans of R10, an increase in VAT receivables of R142 and an increase in trade payables R1 392.

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017

48. Prior period errors (continued)

Irregular expenditure increased by R2 069 459 due to exceptions raised last year that were investigated and additional items identified when the full population of payments and contracts were investigated.

Service charges decreased by R8 568, VAT receivable increased by R1 200 and receivables from exchange transactions decreased by R9 768 due to exceptions raised last year that were investigated and corrected.

Commitments decreased by R521 002 due to exceptions raised last year that was investigated and additional items identified when the population was investigated.

A decrease in Receivables from exchange transactions of R2 094 an increase of VAT receivables of R257 and a decrease in services charges of R1 836 occurred due to corrections made after year end to accounts due to various reasons which include over and under billing of customer accounts.

A decrease in Receivables from non-exchange transactions of R247 and a decrease in property rates of R247 occurred due to corrections made after year end to accounts due to various reasons which include over and under billing of customer accounts.

Additional corrections were made to assets due to exceptions raised last year and additional items identified when the full population of assets was investigated. The corrections resulted in a decrease in Accumulated depreciation: Investment Property of R418, an increase in Accumulated depreciation: PPE of R39 939, a decrease in accumulated impairment: PPE of R251, an increase in depreciation of R39 521, a decrease in Impairment of R251, an increase in PPE of R566 632, an increase in Repairs and Maintenance of R5 851 and a decrease in WIP of R572 483.

The Provision for rehabilitation of landfill sites was recalculated using the net present value method in line with GRAP 19. The correction resulted in a decrease in Non-Current Provisions of R683 and a decrease in general expenses of R683.

A decrease in Employee costs of R9 687, a decrease in Finance costs of R10 747, a decrease in Actuarial gains of R27 981, an increase in Employee benefit obligation (non-current) of R7 560 and a decrease in Employee benefit obligation (current) of R13 occurred due a change in demographic assumptions.

RWST did not provide for the retention amounts on certain contracts. The correction resulted in an increase in WIP of R2 593 and an increase in Payables from exchange transactions of R2 593.

Other Income decreased by R5 136 and expenses decreased by R5 136 due classification errors corrected by the RWST.

The combined effects of the prior period errors are as follows in the Economic Entity AFS - Rounded to R'000

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
48. Prior period errors (continued)				
		Previously reported	Prior period error	Restated amount
Statement of financial position - extract Current assets				
Inventory		142 291	(98 928)	43 363
Receivables from exchange transactions		415 018	(31 039)	383 979
Receivables from non-exchange transactions		52 855	(685)	52 170
VAT Receivable		80 190	4 044	84 234
Non-current assets				
Investment Property		198 018	(5 641)	192 377
Property, plant and equipment		8 673 197	(226 766)	8 446 431
Heritage Assets		1 219	150	1 369
Current liabilities				
Payables from exchange transactions		739 269	4 815	744 084
Provisions		43 824	361	44 185
Employee benefit obligation		5 366	(13)	5 353
Non-current liabilities				
Provisions		125 583	(19 771)	105 812
Employee benefit obligation		184 831	(101 701)	83 130
Statement of changes in net assets - extract				
Accumulated Surplus		7 657 406	(242 556)	7 414 850
Statement of financial performance - extract				
Revenue				
Service Charges		2 658 527	(26 674)	2 631 853
Property rates		306 996	(248)	306 748
Actuarial gain		36 641	(28 214)	8 427
Expenditure				
Employee related cost		605 365	(30 663)	574 702
Depreciation		322 622	39 521	362 143
Impairment loss		473 180	(251)	472 929
Finance cost		70 655	11 306	81 961
Repairs and maintenance		78 815	5 851	84 666
Contracted services		174 940	909	175 849
General expenses		231 040	(16 624)	214 416
The following analysis indicates the effect of the prior period errors on a transaction by transaction basis. The effects are shown in the financial periods ended 30 June 2017 and 30 June 2016 respectively:				
Statement of financial position				
	2017	2016	2017	2016
Decrease in retained earnings	-	11 542	-	11 542
Increase in provision for long service awards (non-current)	1 997	10 494	1 997	10 494
Increase in provision for long service awards (current)	-	1 048	-	1 048
Decrease in provision for long service awards (current)	687	-	687	-
Increase in VAT receivables	142	90	142	90
Increase in payables from exchange transactions	1 392	827	1 392	827
Increase in receivables from non-exchange transactions - short term loans	10	-	10	-
Increase in VAT receivables	1 200	-	1 200	-
Decrease in receivables from exchange transactions	9 768	-	9 768	-
Increase in VAT receivables	257	2 355	257	2 355
Decrease in receivables from exchange transactions	2 093	19 177	2 093	19 177
Decrease in receivables from non-exchange transactions	247	448	247	448
Increase in PPE	566 632	1 222 498	566 632	1 222 498

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
48. Prior period errors (continued)				
Decrease in WIP	572 483	1 475 779	572 483	1 475 779
Decrease in Accumulated Impairment: PPE	251	-	251	-
Increase in Heritage Assets	-	150	-	150
Decrease in Accumulated Depreciation: Investment Property	-	6 500	-	6 500
Increase Accumulated Depreciation: PPE	39 939	29 468	39 939	29 468
Decrease in Investment Property	418	12 560	418	12 560
Decrease in Retained Earnings	-	288 660	-	288 660
Increase in PPE	-	98 928	-	98 928
Decrease in Inventory	-	98 928	-	98 928
Decrease in Non-Current Provisions	683	31 579	683	31 579
Increase in Retained Earnings	-	31 579	-	31 579
Increase in Retained Earnings	-	109 261	-	109 261
Decrease in Employee Benefit Obligation (Non-Current)	-	109 261	-	109 261
Increase in Employee Benefit Obligation (Non-Current)	7 560	-	7 560	-
Decrease in Employee Benefit Obligation (Current)	13	-	13	-
RWST - Increase in WIP	2 593	-	-	-
RWST - Increase in Payables from exchange transactions	2 593	-	-	-
Statement of financial performance				
	2017	2016	2017	2016
Decrease in employee related costs - long service awards	2 305	-	2 305	-
Decrease in actuarial gains	232	-	232	-
Increase in finance costs - employee benefits	3 383	-	3 383	-
Decrease in service charges	16 270	-	16 270	-
Decrease in general expenses - consumption expenditure	16 270	-	16 270	-
Increase in finance costs - employee benefits	18 671	-	18 671	-
Decrease in employee related costs - defined benefit plan expense	18 671	-	18 671	-
Increase in general expenses - transport costs	330	737	330	737
Increase in contracted services - professional fees	689	-	689	-
Increase in contracted services - other	222	-	222	-
Decrease in service charges	8 568	-	8 568	-
Decrease in service charges	1 836	16 822	1 836	16 822
Decrease in property rates	247	448	247	448
Decrease in Impairment: PPE	251	-	251	-
Increase in repairs and maintenance	5 851	-	5 851	-
Decrease in general expenses	683	-	683	-
Decrease in Employee costs	9 687	-	9 687	-
Decrease in Finance Costs - employee benefits	10 747	-	10 747	-
Decrease in Actuarial gains	27 981	-	27 981	-
RWST - Decrease in Other Income	5 136	-	-	-
RWST - Decrease in Expenses	5 136	-	-	-
Notes to the financial statements				
	2 017	2 016	2 017	2 016
Increase / (Decrease) in Irregular Expenditure	1 057 888	(1 106 509)	1 057 888	(1 106 509)
Decrease in Commitments	(521 002)	-	(521 002)	-

49. Comparative figures

Certain comparative figures have been reclassified. Mainly due to prior year errors, refer to note above.

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017

50. Risk management

Financial risk management

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 21, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 17 and the Statement of Changes in Net Assets.

Gearing Ratio's

The gearing ratio at the year-end was as follows:

Debt	(581 280)	(613 224)	(467 719)	(475 227)
Cash and Cash Equivalents	230 634	173 136	117 372	57 614
Net Debt	(350 646)	(440 088)	(350 347)	(417 613)

Debt is defined as Long and Short-term Loans and Finance Lease Obligations.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

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 rate risk.

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017

50. Risk management (continued)

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.

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.

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 municipality's reputation.

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 timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017

50. Risk management (continued)

Credit risk

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 regularly.

Potential concentrations of credit rate risk consist mainly of fixed deposit investments, long-term receivables, other debtors, bank and cash balances.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Investments/Bank, Cash and Cash Equivalents

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017

50. Risk management (continued)

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 exposure 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 rendered to them.

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 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.

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

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017

50. Risk management (continued)

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.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	Economic entity - 2018	Economic entity - 2017	Controlling entity - 2018	Controlling entity - 2017
Finance Lease Receivables	-	-	2 216	2 349
Receivables from exchange transactions	406 132	383 979	392 425	372 267
Receivables from non-exchange transactions	48 059	52 170	48 059	52 170
Cash and cash equivalents	230 634	173 136	117 372	57 614
Investments	1 197	851	1 198	852
Guarantees	28 846	30 002	28 846	30 002

Market risk

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017

50. Risk management (continued)

Detail

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.

- 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 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.

Note that no interest paid are linked to prime and therefore no impact on the sensitive analysis for interest paid.

Sensitivity analysis for financial instruments 2018 - Economic entity 2018

Interest received for the year: -2%	17 745	(4 436)	Decrease in net surplus
Interest received for the year	22 181	-	
Interest received for the year: +2%	26 617	4 436	Increase in net surplus

Note that no interest paid are linked to prime and therefore no impact on the sensitive analysis for interest paid.

Sensitivity analysis for financial instruments 2017 - Economic entity 2017

Interest received for the year: -2%	189 680	(45 983)	Decrease in net surplus
Interest received for the year	235 663	-	
Interest received for the year: +2%	281 646	45 983	Increase in net surplus

Sensitivity analysis for financial instruments 2018 - Controlling entity 2018

Interest received for the year: -2%	10 478	(2 619)	Decrease in net surplus
Interest received for the year	13 097	-	
Interest received for the year: +2%	15 716	2 619	Increase in net surplus

Note that no interest paid are linked to prime and therefore no impact on the sensitive analysis for interest paid.

Sensitivity analysis for financial instruments 2017 - Controlling entity 2017

Interest received for the year: -2%	182 757	(44 305)	Decrease in net surplus
Interest received for the year	227 062	-	
Interest received for the year: +2%	271 367	44 305	Increase in net surplus

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017

50. Risk management (continued)

Interest rate risk

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 balances.

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.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

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.

Foreign exchange risk

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.

Price risk

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

51. Going concern

The consolidated annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017

52. Events after the reporting date

No other material events occurred with respect to the 2017/18 financial year end after the date of the statement of financial position in respect of loans, investments and any other aspects

53. Unauthorised expenditure

Opening Balance	991 580	991 580	991 580	991 580
Unauthorised Expenditure current year	65 375	-	65 375	-
Authorised during the financial year	(27 756)	-	(27 756)	-
	1 029 199	991 580	1 029 199	991 580

Unauthorised expenditure for the current year relates to the following expenditure departments:

Vote 2 - MUNICIPAL MANAGER	65 375	-	65 375	-
	-	-	-	-
	65 375	-	65 375	-

54. Fruitless and wasteful expenditure

Opening Balance	1 921	1 431	1 921	1 431
Expenditure incurred during the year	251	490	251	490
	-	-	-	-
	2 172	1 921	2 172	1 921

Expenditure incurred during the year resulted from interest paid on late payments of suppliers to the value of R251. The matters is currently under investigation, no disciplinary steps taken to date.

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
55. Irregular expenditure				
Reconciliation of irregular expenditure				
Opening balance	3 820 585	3 396 543	3 820 585	3 396 543
Irregular expenditure incurred during the year	407 688	424 042	407 688	424 042
Amounts investigated found not irregular/value for money received	(17 066)	-	(17 066)	-
	4 211 207	3 820 585	4 211 207	3 820 585

Analysis of irregular expenditure incurred current year - by nature	Details				
Procurement process not followed for legacy contracts	2 (30) cases currently under investigation, no disciplinary actions have been taken	3 334	24 782	3 334	24 782
Proper procurement process not followed	511 (438) cases currently under investigation, no disciplinary actions have been taken	403 486	399 260	403 486	399 260
Contract exceeded the appointment/variation amount	2 cases, no disciplinary action have been taken	868	-	868	-
		-	407 688	407 688	424 042

Analysis of irregular expenditure incurred - By timing	Details				
Origin of irregular expenditure - Pre and including 2014/2015	27 (86) procurement transactions	48 335	209 237	48 335	209 237
Origin of irregular expenditure - 2015/2016	20 (357) procurement transactions	212 401	205 368	212 401	205 368
Origin of irregular expenditure - 2016/2017	54 (25) procurement transactions	55 047	9 437	55 047	9 437
Origin of irregular expenditure - 2017/2018	414 (110 deviations, 290 quotations, 12 contracts, 2 contract overruns)	91 905	-	91 905	-
		-	407 688	407 688	424 042

Amounts investigated found not irregular/value for money received.

During the financial year, a total number of 41 contracts with a total value of R1 432 095 (exclusive of VAT) was subjected to an investigation and consequence management review process. These contracts relate to procurement contracts entered into prior and including 2014/2015 financial years. The below indicate the results from this process:

Total rand value (41 contracts) reviewed for consequence management	-	1 432 095	-	1 432 095	-
Total rand value (32 contracts) still irregular expenditure, identified individuals in the value change and matters referred to Disciplinary Committee and MPAC	-	(299 513)	-	(299 513)	-
Total rand value (1 contracts) difference of value for money received still irregular referred to Disciplinary Committee and MPAC	-	(4 421)	-	(4 421)	-

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
55. Irregular expenditure (continued)				
Total rand value (8 contracts) contract not irregular but overspending on contract referred to Disciplinary Committee and MPAC	-	(99 524)	-	(99 524)
Prior Period Error - Adjustment to prior year opening balance for pre 2016/17 amounts found to be not irregular	-	(1 011 571)	-	(1 011 571)
Total rand value removed from irregular register as found to be not irregular	-	17 066	-	17 066

Full details are available in the irregular expenditure register and consequence management report

56. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	5 927	5 779	5 927	5 779
Amount paid - current year	(5 927)	(5 779)	(5 927)	(5 779)
	-	-	-	-

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	Units (kWh)	Units (kWh)	Units (kWh)	Units (kWh)
Purchased during the year	1 988 590	2 123 418	1 988 590	2 123 418
Sold during the year	(1 829 552)	(1 932 659)	(1 829 552)	(1 932 659)
Unaccounted - Normal distribution losses - % of electricity (2018 - 8,07%); (2017 - 8,98%)	159 038	190 759	159 038	190 759
Loss (R): At Cost	143 647	166 458	143 647	166 458

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 problem with tampered meters and illegal connections is an on-going process, with regular action being taken against defaulters. Faulty meters are replaced or repaired as soon as they are reported.

Water	Units (kl)	Units (kl)	Units (kl)	Units (kl)
Purchased during the year	41 010	42 083	41 010	42 083
Sold during the year	(24 093)	(23 925)	(24 093)	(23 925)
Unaccounted - Normal distribution losses - % of water (2018 - 41,25%); (2017 - 43,15%)	16 917	18 158	16 917	18 158
Loss (R): At Cost	139 158	135 958	139 158	135 958

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 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 / repaired as soon as they are reported.

Audit fees

Opening balance	157	132	157	132
Current year subscription / fee	9 054	8 118	8 555	7 494
Amount paid - current year	(9 022)	(8 093)	(8 523)	(7 469)
	189	157	189	157

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017

56. Additional disclosure in terms of Municipal Finance Management Act (continued)

PAYE and UIF

Current year subscription / fee	83 471	72 573	83 471	72 573
Amount paid - current year	(83 471)	(72 573)	(83 471)	(72 573)
	-	-	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	111 883	104 028	111 883	104 028
Amount paid - current year	(111 883)	(104 028)	(111 883)	(104 028)
	-	-	-	-

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017

56. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2018:

30 June 2018	Outstanding less than 90 days	Outstanding more than 90 days	Total
Clr Du Plessis GJ & G	2	-	2
Clr Molotsi KS	3	-	3
Clr Malinga F	4	72	76
Clr Radebe	3	22	25
Clr Bothomane P	3	26	29
Clr Fetmani	2	-	2
Clr Pelesi KL	3	39	42
Clr Ngwato JD	2	3	5
Clr Matlhoko AM	1	14	15
Clr Molubi JN	3	-	3
Clr Mokotedi KG	3	-	3
Clr Mokwele P	5	-	5
Clr Motlhamme	1	-	1
Clr Legopelo JB	1	2	3
Clr Khunou ME	1	-	1
Clr Mataboge AL	3	2	5
Clr Miny CFM	1	-	1
Clr Nkosi LM	7	302	309
Clr Mataboge GM	6	-	6
Clr Tsamai A	1	-	1
Clr Nkgoang LI	6	17	23
Clr Mataboge AL	2	-	2
Clr Mhlungu SBM	1	-	1
Clr Khunou ME	1	-	1
Clr Wolmarans SD	3	-	3
Clr Coetzee M & MJ	2	-	2
Clr Edwards I	1	-	1
Clr Nel D	1	-	1
Clr Mohube MM	1	-	1
Clr Babe NB	5	5	10
	78	504	582

30 June 2017	Outstanding less than 90 days	Outstanding more than 90 days	Total
Clr Mokwele P	4	22	26
Clr Molotsi CN	1	-	1
Clr Du Plessis GJ & G	2	-	2
Clr Malinga M	4	108	112
Clr Radebe MW	1	69	70
Clr Bothomane	5	81	86
Clr Pelesi KL	1	88	89
Clr Ngwato JD	3	41	44
Clr Matlhoko AM	2	48	50
Clr Molatlhegi PR	1	15	16
Clr Fetmani EM	1	10	11
Clr Legopelo JB	1	27	28
Clr Mataboge AL	1	-	1

Figures in Rand thousand	Economic entity		Controlling entity	
	2018	2017	2018	2017
56. Additional disclosure in terms of Municipal Finance Management Act (continued)				
Clr Mataboge AL		1	-	1
Clr Miny CFM		1	-	1
Clr Nkosi LM		10	331	341
Clr Mataboge GM		3	23	26
Clr Tsamai A		1	-	1
Clr Nkgoang LI		1	72	73
Clr Mataboge AL		3	-	3
Clr Mokotedi KG		1	-	1
Clr Mhlungu SBM		1	-	1
Clr Vosloo JM		2	-	2
Clr Khunou ME		1	-	1
Clr Edwards I		2	-	2
Clr Coetzee M and MJ		1	-	1
Clr Mohube MM		1	-	1
Clr Motlhamme GS		1	-	1
Clr Khunou ME		1	-	1
Clr Nel D		1	-	1
Clr Masondo E		1	-	1
		60	935	995

57. Budget differences

Material differences between budget and actual amounts

Controlling entity:

Service Charges - Decrease is due to load shedding and water conservation practices

Interest received from trading activities - Decrease is due to the writeback of all interest levied for the year.

Property rates - Increase is due to changes as per the most recent supplementary valuation.

Finance Costs - Increase due to the classification of the interest portion of employee benefit obligations.

Bulk Purchases - Decrease is due to load shedding and water conservation practices.

All other variances occurred as a result of over / under provision of estimates during the budgeting process.

Economic entity:

Reasons for variances the same as above

Basis of preparation and presentation of budget

The budget is prepared on the accrual basis of accounting and the classification format adopted is consistent with that of the financial statements.

Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of changes in the overall budget parameters.

Controlling entity Figures in Rand thousand	Economic entity			
	2018	2017	2018	2017
57. Budget differences (continued)				
Financial Performance	Original Budget	Adjustments	Adjusted Budget	Reasons
Property rates	319 434	-	319 434	
Service charges	3 453 822	-	3 453 822	
Rental of facilities and Equipment	10 697	(364)	10 333	Over / under provision of estimates during the original budgeting process
Interest received - other	16 114	-	16 114	
Interest received (trading)	208 006	-	208 006	
Fines, penalties and forfeits	1 713	-	1 713	
Licenses and Permits	9 115	-	9 115	
Agency services	20 453	-	20 453	
Government Grants and Subsidies Received	1 163 483	13 989	1 177 472	Over / under provision of estimates during the original budgeting process
Other income	25 719	66 945	92 665	Anticipated greater refunds and sundry income
Gains on disposal of assets	1 441	3 559	5 000	Over / under provision of estimates during the original budgeting process
Total revenue	5 229 996	84 130	5 314 126	
Employee related costs	633 813	4 264	638 077	Over / under provision of estimates during the original budgeting process
Remuneration of councillors	34 000	1 000	35 000	Over / under provision of estimates during the original budgeting process
Impairment losses	677 534	-	677 534	
Depreciation and Amortization	440 290	7	440 297	Over / under provision of estimates during the original budgeting process
Finance charges	61 565	-	61 565	
Bulk purchases	2 145 936	6 436	2 152 371	Over / under provision of estimates during the original budgeting process
Repairs and Maintenance	146 281	17 663	163 944	Expected more maintenance before conditional assessment of assets
Contracted services	241 982	75 475	317 457	Anticipated more outsourced and professional services
Transfers and subsidies	16 021	-	16 021	
General expenses	230 116	47 260	277 376	Anticipated higher operational expenditure
Total expenditure	4 627 538	152 105	4 779 643	
Surplus / (Deficit) for the Year	602 458	(67 975)	534 483	
	-	-	-	

1.2 RUSTENBURG LOCAL MUNICIPALITY AUDIT ACTION PLAN 2017/2018

Rustenburg Local Municipality

ANNEXURE - Post Audit Action Plan for the year ended 30 June 2018

Qualification Matter – 30 June 2018			Action to address finding	Date of completion
Financial statement item	Finding	Responsible Unit		
PPE	Useful live assessment (ISS.38)	Financial Management Services	<ul style="list-style-type: none"> ○ Engage National treasury and Provincial treasury to assist with secondment of AFS consultants ○ Compiling a fully compliant Asset register will take more than 2 available months towards AFS submission date. ○ Municipality will accept limited audit scope in PPE and submit compliant asset register to AGSA during Interim Financial statement for 2019/20 period to AGSA. ○ Assets consultants to assist with thorough review of assets useful lives. Consultants provide skill transfer to staff on methodology applied. ○ Full asset verification process performed, including proper classification of assets in various categories (PPE, Investment property and Inventory) ○ Share asset register with directorates for development of asset maintenance plan and consolidate in line with approved maintenance budget 	<ul style="list-style-type: none"> ○ 30 June 2019 ○ 15 December 2019 ○ 15 December 2019
	WIP: Completeness (ISS.270)			
	Property, plant and equipment: Completeness of infrastructure assets (ISS.73 – ISS.75)			
	Property, plant and equipment: Additions to WIP (ISS.160)			

Qualification Matter – 30 June 2018			Action to address finding	Date of completion
Financial statement item	Finding	Responsible Unit		
			<ul style="list-style-type: none"> ○ Review the total population of all asset registers to include all assets (including WIP) ○ Ensure asset registers are supported by approved assets maintenance plans. 	
Investment property	Useful live assessment (ISS.38)	Financial Management Services	<ul style="list-style-type: none"> ○ Assets consultants to assist with thorough review of assets useful lives. Consultants provide skill transfer to staff on methodology applied. ○ Full asset verification process performed, including proper classification of assets in various categories (PPE, Investment property and Inventory) 	15 August 2019
Irregular expenditure	<p>Payments made in contravention of SCM requirements (ISS.30, 266, 271, 272, 273, 295, 308, 305, 306, 310, 311, 323)</p> <p>Sufficient and appropriate evidence not received for awards (ISS.151, 296, 298, 315, 316, 322)</p> <p>Sufficient and appropriate evidence not received for irregular expenditure (ISS.5, 60, 121, 210)</p> <p>Regular contracts included in IE (ISS.58, 195, 226, 124)</p>	Supply Chain Management	<ul style="list-style-type: none"> ○ Opening balance of irregular expenditure by 15 December 2019: The exercise to review opening balance of irregular expenditure/ tenders for prior year would take more than two months towards AFS reporting period. (Records review, filing, recording or irregular and consequence management) BTO with assistance of consultants will perform comprehensive review until mid-year 2019/20 for AGSA interim AFS review. ○ Current year Irregular expenditure by 15 August 2019: Review the total population of the irregular expenditure register. Test all municipal contracts/Tenders against National Treasury guidance to determine 	<p>15 Dec 2019</p> <p>15 August 2019</p> <p>15 August 2019</p>

Qualification Matter – 30 June 2018			Action to address finding	Date of completion
Financial statement item	Finding	Responsible Unit		
	<p>Understatement as a result of irregular contracts removed (ISS. 193, 225, 231)</p> <p>Understatement as a result of irregular contracts removed (ISS. 182)</p>		<p>whether irregular or not. (Records review, filing, recording or irregular and consequence management)</p> <ul style="list-style-type: none"> ○ Review SCM process, capacitate SM unit and bid committee through available trainings/workshop from treasury ○ Improve on record management system: Scan tender documents, contracts, payment vouchers, etc. Use current electronic record management system and clean up manual record strong rooms. Assign archive administrator to assist BTO in record management system 	
Government grants and subsidies	Supporting document not received for selected transactions on revenue from grants_ISS.164	Financial Control	<ul style="list-style-type: none"> ○ BTO team with assistance of consultants for capacity, will perform reconciliation between grants register, grants monthly returns, general ledger and payment vouchers/invoices. ○ Update the GL (financial system) with all items to account correctly for all grants expenditure and revenue 	15 August 2019
Payables from exchange transactions	<ul style="list-style-type: none"> ● RFI 51 - Limitation on Annexure C payments received in advance_ISS.66 ● List information not sufficient for audit purposes_ISS.100 ● Trade payables - limitation of scope RFI 97_ISS.153 	Financial Management Services	<ul style="list-style-type: none"> ○ BTO team with assistance of consultants, to Investigate debtors with large credit balances. Obtain and prepare supporting documentation for these debtors ○ Review the payable age analysis and creditors listing against supplier statements and invoices. (Clear debit and credit transactions on creditors ledger e.g. creditor paid) 	31 July 2019

Qualification Matter – 30 June 2018				
Financial statement item	Finding	Responsible Unit	Action to address finding	Date of completion
	<ul style="list-style-type: none"> Retentions, Unallocated deposits, Other creditors - limitation of scope RFI 99_ISS.154 		<ul style="list-style-type: none"> Perform review of active contracts with retentions with commitment register, latest engineer certificates and payment vouchers to account correctly for retention amounts 	
Commitments	<ul style="list-style-type: none"> Commitments - Contract value differs to amount as per appointment letter_ISS.49 Information in bid files not complete_ISS.152 Limitation - bid files not submitted_ISS.185 Limitation - payments made to suppliers (external confirmations) ISS.187 VAT adjustment - incorrect formula and amounts prior to 1 April -ISS.169 Completeness 201617 limitation_ISS.250 Commitments not complete_ISS.253 & ISS.263 	Supply Chain Management	<ul style="list-style-type: none"> Review the total population of the commitments register. Redesign payment processes to ensure payments can easily be linked to projects/contract (avoid batch supplier payments). Consultants appointed by Provincial Treasury to assist with contract management on selected contracts (use the information for compilation of complete commitment register). Monitoring is done by treasury and CFO Vat accounting reviewed for correct accounting on Contract amount and expenditure for all active commitment contracts Present restated 2018 commitments register with prior year corrections to the AGSA before submission of the 2019 financial statements. Appoint service provider to assist with component. 	31 July 2019
Receivables from exchange transactions	<ul style="list-style-type: none"> Xstrata: prior year correction not accurately journalised_ISS.129 	Billing	<ul style="list-style-type: none"> Account for Xstrata revenue and receivables in line with existing contract. Loss of revenue (NERSA vs contract rate) accounted as supporting note in the AFS. 	15 July 2019

Qualification Matter – 30 June 2018				
Financial statement item	Finding	Responsible Unit	Action to address finding	Date of completion
			<ul style="list-style-type: none"> ○ Details of the litigation process submitted to AGSA 	
Receivables from non-exchange transactions	<ul style="list-style-type: none"> ● Fines from prior years not supported and gross and net not disclosed seperately_ISS.317 	Traffic	<ul style="list-style-type: none"> ○ Compile supporting register for the entire balance of fines receivable. Exercise will cover two years back due to system challenges ○ Separate accounting for gross, impairment and net receivables for fines. 	15 August 2019
VAT receivable	<ul style="list-style-type: none"> ● Unreconcilable difference on VAT balance - limitation of scope_ISS.167 	Financial Management Services	<ul style="list-style-type: none"> ○ Perform reconciliation between SARS statement of account and GL. ○ Use the service of the existing VAT service provider to review and assist with the reconciliation of VAT balance 	15 August 2019
Fines, penalties and forfeits	<p>Revenue from traffic fines is not complete by an unknown amount:</p> <ul style="list-style-type: none"> ● Revenue - Traffic Fines : Section 341 listings not complete_ISS.114 ● Revenue : Traffic Fines – Completeness_ISS.107 	Traffic	<ul style="list-style-type: none"> ○ Perform reconciliation between fines listing and source documents (fines books, approved write offs, etc) to ensure completeness. ○ Ensure all fines are recorded from the fines book 	15 August 2019

Qualification Matter – 30 June 2018				
Financial statement item	Finding	Responsible Unit	Action to address finding	Date of completion
Contingencies	Contingent liabilities are understated by an unknown amount: <ul style="list-style-type: none"> • Limitation of scope RFI 108 - Legal costs_ISS.171 • RFI 107 limitation of scope (zero value contingencies) - CigiCell remains_ISS.177 • Estimates made to contingent liabilities_ISS.179 • Completeness (KNT attorneys)_ISS.198 	Legal	<ul style="list-style-type: none"> ○ Draft a letter to council's attorneys explaining the process in terms of GRAP 19 for contingent liabilities. ○ Check attorney's confirmations against requirements of GRAP 19 and all accounted contingencies 	15 August 2019
Compliance with legislation	<ul style="list-style-type: none"> • Final Approval of the IDP before community participation_ISS.274 	MM / CFO	<ul style="list-style-type: none"> ○ The community was duly consulted prior the approval of the IDP and the process was properly documented. In future, information will be made available for audit purpose to avoid similar findings. 	15 August 2019
	<ul style="list-style-type: none"> • Invoices not paid within 30 days of the invoice_ISS.93 • Section 57, performance agreement signed after the 31st of July ISS. 166 • Submission of AFS_ISS.227 • IRE, FWE and UE_ISS. 255 • AFS misstatements_ISS.290 • Annual performance objectives and indicator of RWST not established per agreement_ISS.333 • Consequence management_ISS.336 • Asset register not effective_ISS.337 		<ul style="list-style-type: none"> ○ Redesign payment and procurement processes to certify vouchers and contracts only when they are compliant. Improve the cash flow position of the municipality through revenue enhancement strategies to pay invoices with 30 days. ○ Implement a tracker of performance agreements approval date to ensure that all are signed before end of July each year. ○ Thorough review of all existing standard operating procedures. Implementation of audit action plan, year-end plan and 	15 August 2019

Qualification Matter – 30 June 2018				
Financial statement item	Finding	Responsible Unit	Action to address finding	Date of completion
	<ul style="list-style-type: none"> Procurement and contract management_ISS.28, 30, 141, 272, 273, 295, 296, 299, 305, 306, 311 		<p>appointment of service provider to address reporting deficiencies.</p> <ul style="list-style-type: none"> Municipal Manager to investigate all reported irregular expenditure and report to council. All matter that requires disciplinary will be referred to Municipal disciplinary board to investigate all instances of irregular, fruitless and wasteful, unauthorised expenditure and implement consequence management accordingly. Implement and monitor the Post Audit Action Plan by IA, PAC, Portfolio Committee Finance and Council. Capacitate the SCM unit and committees to comply with SCM policy and prescripts. Investigate all root cause of non-compliances with SCM process to implement corrective measures Assess the introduction of the municipal compliance officer to implement and monitor compliance register 	
Predetermined objectives	<ul style="list-style-type: none"> AOPO: Usefulness: KPA 2: Target not measurable_ISS. 256 AOPO: Reliability: KPA 2: KPI 20: Number of investment policies approved by Council_ISS. 264 AOPO : Final Approval of the IDP before community participation_ISS.274 	Strategy and Planning	<ul style="list-style-type: none"> Performance indicators and targets will be reviewed by Internal Audit for smart principle before tabling of SDBIP in council. Mid-year assessment process will be used for reassessment of indicators and target for SMART principle. 	30 July 2019

Qualification Matter – 30 June 2018			Action to address finding	Date of completion
Financial statement item	Finding	Responsible Unit		
	<ul style="list-style-type: none"> • AOPO: Usefulness: KPA 2: Completeness of relevant indicators_ISS. 275 • AOPO: Usefulness: KPA 1: indicator and target not properly presented and disclosed_ISS.282 • AOPO: Reliability: KPI 72: Overstatement of the reported achievement_ISS. 291 • AOPO: Usefulness: Indicators not relevant_ISS. 304 • AOPO: Reliability: KPI 16: Reported achievement not valid_ISS. 307 • AOPO: Reliability: KPI 72: Completeness_ISS. 293 		<ul style="list-style-type: none"> ○ Quarterly reports will be verified by Internal audit against POEs and POEs filed for year-end reporting. ○ Internal Audit will review year-end report with POE prior submission to AGSA. ○ IDP unit will engage DPLGHS to provide training on SMARTNESS of indicators. ○ The community was duly consulted prior the approval of the IDP and the process was properly documented. In future, information will be made available for audit purpose to avoid similar findings. 	October 2019

*Final Management report and Audit report was received on 30 May 2019. Session with all managers will be held to deal with all findings on AG reports to have detailed comprehensive PAAP

RUSTENBURG WATER SERVICES TRUST



ANNUAL PERFORMANCE REPORT 1 JULY 2017 TO 30 JUNE 2018

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PERFORMANCE REPORT FOR RUSTENBURG LOCAL MUNICIPALITY ON THE RUSTENBURG WATER SERVICES TRUST FOR THE PERIOD 1 JULY 2017 TO 30 JUNE 2018.

INTRODUCTION

1. TERMS OF REFERENCE

The following report is the result of a performance assessment of the Rustenburg Water Services Trust, for the 12 month period from 1 July 2017 to 30 June 2018. The report takes account of the Treasury Guidelines entitled "Framework for Managing Programme Performance Information" dated May 2007 (ISBN: - 978-0-621-37152-9), and the Trust is committed to giving effect to these.

Purpose and mission:

The purpose of the Trust is captured in the Trust Deed and as such is as follows:

- To procure the design for required plant extensions,
- To procure the construction and oversee implementation where required and
- To Operate and Maintain the following treatment plants:
 - Rustenburg sewage treatment works
 - Boitekong sewage treatment works
 - Monakato sewage treatment works
 - Lethabong sewage treatment works
 - Bospoort water treatment works
 - Kloof water treatment works

This is to be performed in the most cost effective manner and for the purpose of maximizing the Trust Income to be distributed to the Beneficiary.

2. INTRODUCTION

The Rustenburg Water Services Trust (RWST) is a Municipal Services Entity belonging to the Rustenburg Local Municipality (RLM).

The Trust Deed defines the objectives and purpose of the Trust as follows:

- Procure the design, construction, implementation and Operation and Maintenance of the water and waste water treatment plants in the most cost effective manner and for the purposes of maximizing the Trust income to be distributed to the beneficiary, being the Rustenburg Local Municipality, and;
- Provide potable water to RLM in accordance with the Water Supply Agreement, and
- Supply treated water to the industrial water off takers in terms of the Off Take Agreements.

Following from the objectives and purpose, the Trust it is responsible for all Municipal sewage purification and also for the supply of up to 14 Mℓ/d potable water to Rustenburg Local Municipality from the Bospoort Water Purification Works (design capacity 12 Mℓ/d) as well as the Kloof Water Purification Works (design capacity 2 Mℓ/d).

The Rustenburg Water Services Trust manages the following facilities on behalf of RLM: (the plant capacity is indicated and will form part of the measurable performance objectives for the two water purification plants)

- Rustenburg Sewage Purification Works (42 Ml/d design capacity)
- Boitekong Sewage Purification Works (8 Ml/d design capacity)
- Monakato Sewage Purification Works (1,0 Ml/d design capacity)
- Lethabong Sewage Purification Works (2 Ml/d design capacity)
- Kloof Water Purification Works (2 Ml/d design capacity)
- Bospoort Water Purification Works (12 Ml/d design capacity)

Where plant upgrades and extensions are required, the Rustenburg Water Services Trust procures the services of Consulting Engineers for design and construction supervision purposes. The services of contractors are then procured for these upgrades and extensions.

Of the above facilities, the Kloof Water Purification Works and the Bospoort Water Purification Works can theoretically operate continuously at their maximum design capacity and only the following aspects can have a negative impact on the production of potable water:

- If insufficient raw water is available. This is uncontrollable.
- Power outages. Uncontrollable.
- Incorrect operation of terminal reservoirs (if they are full, the plants must stop). The reservoirs are not under control of the Trust
- Reduced shifts (not operating the plant for 24 hours)
- The quality of the raw water has an effect on the treatment processes which in turn may affect the production.
- Natural disasters.

The design of these two plants is such that they can theoretically not exceed their design capacity, and any change in production will normally be a reduction.

In the case of the sewage purification plants it is important to understand that the operator cannot influence the incoming flow volumes. The flows vary, not only on a daily basis but also seasonally and it will also, increase over the years. At this stage the capacity of both the Rustenburg and the Boitekong Sewage Purification Plants are insufficient during high inflow conditions. In the case of Boitekong the inflow has been exceeding the capacity of the plant for quite a few years. The augmentation of the plant to 24 Ml/day is currently under construction. During the implementation of water restrictions, as from December 2017 the inflows in the plant decreased dramatically to, just below the capacity of the plant.

Upstream blockages in the bulk lines have further reduced these flows to around 60% of the plant capacity.

3. PLANT OPERATOR

Water and Sanitation Services South Africa (Pty) Ltd, trading as Water Solutions Southern Africa (WSSA) is the current operator, following an open competitive tender process which culminated in a contract that commenced on 1 September 2014. WSSA was the Operator for the Trust since 1 March 2011 following their appointment in February 2011. The current three-year contract expired on 30

August 2017 and has been extended to allow for the process of appointing a new Service Provider to be concluded.

In addition to the plant operator the Trust has also contracted with an operator, Agriman (Pty) Ltd, for the safe handling, processing and disposal of the waste water sludge produced at the Rustenburg WWTW.

4. BUSINESS PLAN

As part of the bidding process the Operational Business Plan, in the form of a description of the works and of the management, operation and maintenance of the plants was updated and incorporated in the bid documents. Based on the experience gained with the previous contract, the specifications were updated, describing a complete protocol of requirements for the Operator, with the degree of input required, and which included a full regime of all the operating and maintenance activities as well as tests to be performed on a daily, weekly, monthly and annual basis. All these specifications were issued in terms of South African Standards. Following from above, the Operator is required to update his Asset Management Plans for each plant. The operator's performance is monitored against an updated set of KPI's.

5. PERFORMANCE INFORMATION AND MANAGEMENT SYSTEM

An electronic, computer based, performance information and management system is in place. Called the Pivotal System, it was developed and patented by the Operator, WSSA, specifically for Water and Waste Water treatment plants. The system is populated with all the information from the business plan as contemplated in the bid document and the different asset management plans. From all this information, works orders are generated and issued for daily weekly, monthly and annual tasks which are to be undertaken on specific dates. On completion of the work, the work is inspected by an independent agent and signed off, after which it is entered into the system for record keeping. The system is linked to the asset register and detailed information on each asset can be obtained from the system. Monthly reports and any other feedback required can also be generated by the system.

6. PERFORMANCE MANAGEMENT

The custodian of water in South Africa is the Department of Water and Sanitation (DWS), who has introduced a robust Water Services Regulation Strategy for the water sector. It clarifies the requirements and obligations placed on Water Services Institutions, thereby protecting consumers from potentially unsustainable and unsafe services. A regulation programme was conceived within the Department of Water Affairs as a means to identify, reward, ensure and encourage excellence in waste water management. The concept was defined by two programmes: The Blue Drop Certification Programme for Drinking Water Quality Management Regulation; and the Green Drop Certification Programme for Wastewater Quality Management Regulation. These Certification incentive-based regulations seek to identify and develop the core competencies required for the sector that, if strengthened, will gradually and sustainably improve the level of water- and wastewater management in South Africa

Being a Management tool specifically developed for the water sector, and used to improve performance in that sector, it was used as a guide in drawing up the KPA's for the contract. The KPA's were therefore fashioned around these regulations.

The above initiative was extended by a further initiative, the No Drop programme, which aims to address water losses in the water supply system of municipalities. This programme will follow a phased roll-out during the period 2014 to 2020. At this stage the RWST is not involved in Water Conservation and Water Demand Management, and the Trust may merely take note of this initiative.

The Trust has introduced a Variation Order on the Operator contract aimed at putting systems and plans into place to foster the chances of obtaining Blue Drop and Green Drop Certification, and this process is taking big strides toward obtaining the certifications.

7. PERFORMANCE MEASUREMENT

The quality performance on a treatment plant is measured against chemical and biochemical parameters, and the interpretation thereof. In the case of the Rustenburg Plants sampling is done at various points on all the plants on a daily, weekly, monthly and annual basis, and these are tested for various determinants. The results of these analyses are contained in monthly reports submitted by the operator, and evaluated by specialists to determine whether the plants are operated to acceptable standards. In addition, the daily tests are used by the operator to do adjustments to the process in order to sustain the quality of the final product. These reports have to be submitted in accordance with specific timelines and these are incorporated in the KPA's.

Operational meetings are held every month between officials from the Plant Operator, the Sludge Handling Operator, the Trust and the Rustenburg Local Municipality. At these meetings these monthly reports are discussed amongst others, and various adjustments are considered to improve performance. Other reports which are submitted on a monthly basis contain records of the repairs, refurbishments and reinstatements carried out on all the plants during the previous month.

Some performance indicators are generic, and applies to all plants in general, whilst some indicators are plant related. The performance measurement of those indicators which are plant related will be reported on at the section dealing with the specific plants, while the generic indicators are reported on in table 1 below.

Table 1: Performance measurement against generic performance indicators

Determinant	Performance standard	Performance achieved	Compliance 30 June 2018
Meter readings	Daily meter readings at the same time every day at all plants	100%	Compliant
Plant condition	Conduct annual condition survey of assets in all the treatment plants	The annual survey was carried out, and the report submitted.	Compliant
Date	Monthly reports to be submitted by the 7 th business day of the following month	August 2017 September 2017 October 2017 November 2017 December 2017 17 January 2018 February 2018 March 2018 April 2018	100% Compliant

		May 2018 June 2018 July 2018	
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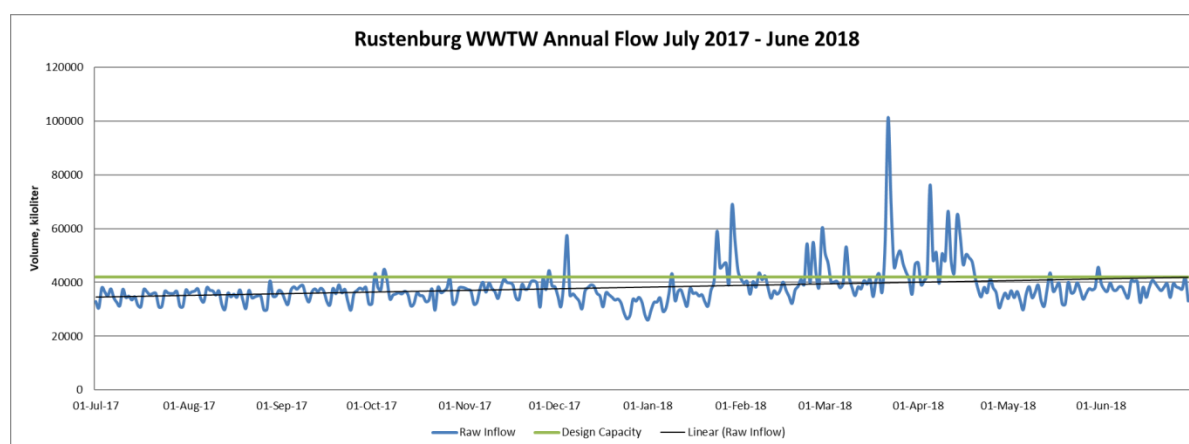
8. PERFORMANCE VERIFICATION

All meter readings, on-site tests, and other on-site determinants are checked and verified by agents of the Trust. Sampling carried out at the four plants are analysed by the Operator in their own laboratories, and the same tests are performed by independent external laboratories for verification. Records are kept of all invoices payment advices etc. relevant to repairs and refurbishment, and these are checked on a regular basis. Progress on work carried out in terms of the license requirements are monitored continuously.

SEWAGE TREATMENT PLANTS

9. RUSTENBURG SEWAGE TREATMENT PLANT

The Rustenburg Sewage Treatment Plant has a design capacity of 42 Mℓ/d consisting of a 30 Mℓ/d of biological nutrient removing activated sludge plant (2x15Mℓ/d modules) plus a 12Mℓ/d biological filter module. The biological filter plant, being older technology, cannot achieve the modern standards set for nitrate and phosphate (collectively known as nutrient) removal by biological means. If this situation is correctly managed this is not necessarily a problem. The bio-filter effluent can still undergo chemical phosphate precipitation. The plant is designed for this tertiary chemical treatment step. If effluent is predominantly used for irrigation, the fact that it is high in nitrates will be a benefit rather than a problem.



Flow Volumes

The average flow to the plant during the 12 month period since 1 July 2017 was 34, 5 Mℓ per day, which is less than the 36 Mℓ of the preceding 12 months. There were days when the flow reached lows of 26,4 Mℓ per day. The highest daily flow, recorded on 22 March 2018, was 101,3 Mℓ, which is more than double the design capacity. This high flow occurred after rainfall of more than 250mm in the catchment area, and is indicative of the high amount of rainwater finding its way into the sewer system.

Effluent Quality

The effluent standards that must be achieved are the stricter of the standards agreed with the mines, or the license conditions on this plant as follows:

- pH to be between 6.5 - 8.5
- Elec. Conductivity not to exceed 150mS/m
- COD not to exceed 75 mg/ℓ
- Ammonia not to exceed 1.0 mg/ℓ
- Nitrate not to exceed 6 mg/ℓ
- Suspended Solids not to exceed 10 mg/ℓ
- E-coli not to exceed 0/100mℓ
- Free Chlorine not to exceed 0.2 mg/ℓ

Table *2 below gives an indication of the performance of the plant during the period under review, 1 July 2017 to 30 June 2018

Table 2: Quality Measurement at Rustenburg Sewage Treatment Plant

Determinant	Performance standard	Current performance 30 June 2018	
		Performance achieved	Compliance
<ul style="list-style-type: none"> • pH • Elec. Conductivity • COD • Ammonia • Nitrate • Suspended Solids • E-coli • Free Chlorine 	<ul style="list-style-type: none"> • 6.5 – 8.5 • <150mS/m • < 75 mg/l • <1 mg/l • < 6 mg/l • < 10 mg/l • < 0/100ml • < 0.2 mg/l 	<ul style="list-style-type: none"> • 7.58 - 8.01 • 72.8 - 97,3 mS/m • 15 - 46 mg/l • 0.16 - 6.1 mg/l • 1.10 - 5.62 mg/l • 2 - 3 mg/l • 0 - 1/1000ml • 0.1 – 0.4 mg/l 	<ul style="list-style-type: none"> • Compliant • Compliant • Compliant • 75% Compliant • Compliant • Compliant • 91% Compliant • 75% Compliant

Design and Construct

The construction of a dissolved air flotation plant to treat the final effluent for use by the Anglo mines was completed. This plant makes a substantial contribution in the removal of fat, oil and grease (FOG). No other construction work was carried out during the review period.

Performance Review Performance Review

The plant performance is much the same as in the previous 12 months in respect of compliance. The determinants which were not compliant were:-

- Ammonia. Higher ammonia levels are mainly due to effluent from the biofilter which does not have the ability to remove ammonia.
- Free Chlorine. Although the standard for free Chlorine was exceeded, it was marginal, and the effect on the receiving waters will be none as the concentration will be diluted considerably to well within the limit.
- E-coli: Only one sample tested outside the limit
- A slightly higher chlorine content is maintained to prevent algae growth in the balancing dams of the mines. Effluent only reaches the river after these balancing dams at which the free chlorine is depleted.

Restitution Measures

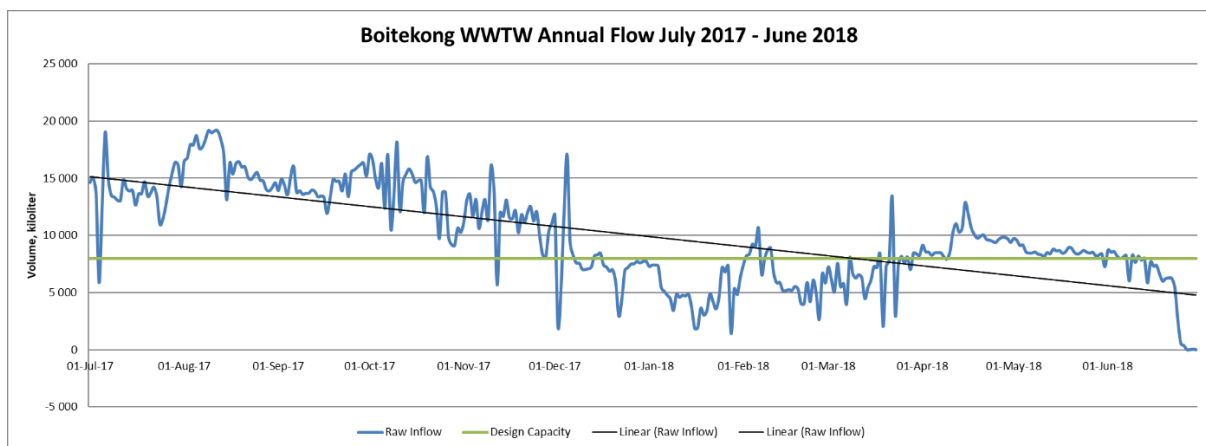
1. The RLM was in the previous year assisted to formalise industrial effluent tariffs and water services bylaws, but it has not yet been promulgated.
2. The quality of water discharged was monitored at Rainbow Chickens was continued and assisted in maintaining an acceptable effluent quality.
3. Quality tests of the inflow is monitored daily to monitor inflow quality.

Challenges Outside Operator Control

The daily inflow into the plant at times exceeds the design capacity. Storm water ingress is the major contributor to high inflows problem and should be addressed by the Municipality. Augmentation of the plant needs to be included in the Municipal master plan.

10. BOITEKONG SEWAGE TREATMENT PLANT

The Boitekong Sewage Treatment Plant is an activated sludge plant with a design capacity of 8 Mℓ/d. During the period from 1 July 2017 to 31 June 2018 there has been a drastic decrease in the inflow from an average of 14.8 MI/d to an average of 9.9 MI/d further reducing to an average of 8.0 MI/d for the last 3 months. Compared to an average of 14.8 MI/d for July - September 2017. Blockages in the system is becoming a huge problem.



Effluent Quality

Construction work on the plant extensions required some of the processes at the plant to be decommissioned until work is completed, and this understandably has a marked effect on effluent quality. In spite of these constraints, the Operator was able to maintain a good quality effluent by careful control of the process. Table 3 below gives an indication of the performance of the plant during the period under review, 1 July 2017 to 30 June 2018.

Table 3: Quality Measurement at Boitekong Sewage Treatment Plant

Determinant	Performance standard	Current performance 30 June 2018	
		Performance achieved	Compliance
<ul style="list-style-type: none"> • pH • Elec. Conductivity • COD • Ammonia • Nitrate • Suspended Solids • Faecal Coliform • Free Chlorine • Ortho-Phosphate 	<ul style="list-style-type: none"> • 6.5 - 8.5 • <150mS/m • < 75 mg/l • <1 mg/l • < 15 mg/l • < 25 mg/l • < 0/100ml • < 0.25 mg/l • < 1.0 mg/l 	<ul style="list-style-type: none"> • 7.38 - 8.17 • 92 - 147 mS/m • 15 - 91 mg/l • 0.16 - 25.7 mg/l • < 1.1 - 4.79 mg/l • < 2 - 19 mg/l • 0 - 2/100ml • 0.24 - 0.34 mg/l • 0.5 - 2.49 mg/l 	<ul style="list-style-type: none"> • Compliant • Compliant • 92% Compliant • 50% Compliant • Compliant • Compliant • 83% Compliant • 8.3% Compliant • 92% Compliant

Performance Review

The plant's performance was better than in the previous year as far as compliance is concerned, and it performed better with regard to the extent of non-compliance. The determinants which were not compliant were:-

- COD. There was only one value outside the limit
- Free Chlorine. Although the standard for free Chlorine was exceeded, it was marginal, and the effect on the receiving waters will be none as the concentration will be diluted considerably to well within the limit.
- E-coli: The higher chlorine had the beneficial effect that the e-coli count was, with two exceptions, consistently within limits. No resampling was done.
- Ammonia: With the excess loading it will be impossible to remove Ammonia consistently. This is also the case with the orthophosphates falling outside the limits

Restitution Measures

The company Deonak was temporarily appointed to attend to the blockages on the Freedom Park outfall sewer which are particularly severe. The services were terminated as from Jan 2018 due to failure of the Municipality to assist with a budgetary commitment. Reduced inflows can clearly be seen.

Construction has already commenced to extend the plant by 16 M/l/d to 24 M/l/d. The project is still ongoing.

Construction activities

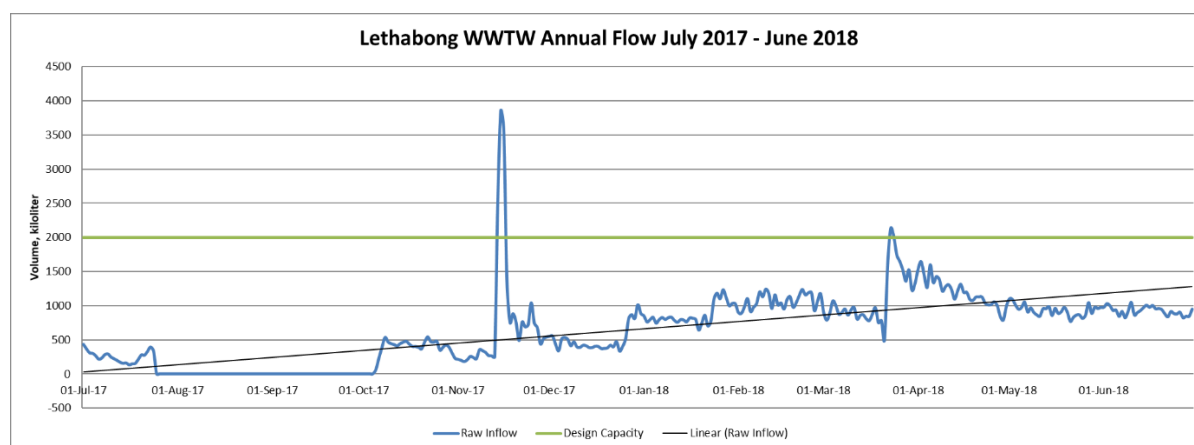
The construction for the upgrade of the plant from 8MI/day to 24MI/d was started in 2015. The civil work was completed in Jan 2017. Due to financial constraints the Mechanical & Electrical contractor was not able to complete. A process has been embarked on to appoint a Completion contractor. It is envisaged that this completion contractor should be appointed by August 2018 and that the project be completed in 10 months (June 2019)

Challenges Outside Operator Control

The only reliable way to ensure a consistent inflow into the plant is to get a Sewer Cleaning Management Plan in place and to fund and appoint contractors to implement the plan and ensure that blockages are attended to on a sustained basis. The Trust can assist with this once a budgetary commitment has been received from the RLM.

11. LETHABONG SEWAGE TREATMENT PLANT

The Lethabong Sewage Purification Works serves the township of Lethabong. It is designed for 2 ML/d and is an activated sludge plant capable of basic nutrient removal. The incoming flow during the review period was still very erratic, but not as bad as the previous period. Highest was 3,85 ML per day. (This value appeared unrealistically high and the flowmeter was recalibrated thereafter) I was also after heavy rainfall and is also indicative of subsurface infiltration into pipe joints and manhole joints.



Due to accounts issues between the RLM and Eskom, the power to Lethabong was cut as from 25 July to 4 October 2017. This had a negative impact on the treated water quality. The Table 4 below reflects the performance of the Lethabong Sewerage Purification Works, for the 12-month period under consideration. These values are not very reliable, because a lot of the incoming flow was clear water or rainwater.

Table 4: Quality Measurement at Lethabong Sewage Treatment Plant

Determinant	Performance standard	Current performance 30 June 2018	
		Performance achieved	Compliance
<ul style="list-style-type: none"> pH Elec. Conductivity COD Ammonia Nitrate Suspended Solids Faecal Coliform Free Chlorine 	<ul style="list-style-type: none"> 6.5 – 8.5 <150mS/m < 75 mg/l <1 mg/l < 15 mg/l < 25 mg/l < 0/100ml < 0.25 mg/l 	<ul style="list-style-type: none"> 7.79 - 8.99 < 32 - 130 mS/m < 15 - 80 mg/l < 0.16 - 16.4 mg/l 1.1 - 18.3 mg/l <2.5 mg/l 0 - 30/100ml 0.22 - 2.01 mg/l 	<ul style="list-style-type: none"> 83% Compliant Compliant 92% Compliant 58% Compliant 83% Compliant Compliant 92% Compliant 58% Compliant

• Ortho-Phosphate	• < 1.0 mg/l	• 0.5 - 2.6 mg/l	• 25% Compliant
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Performance Review

The variations in flow noted above can be very hazardous, especially if it occurs over extended periods. The low flows deprive the biomass of its source of food, resulting in their expiry. Without sufficient biomass, no treatment can take place. In addition to the quantities, there are also large fluctuations in the quality of incoming flow, which places a further burden on the already depleted biomass.

The performance of the plant was severely hampered during the months of August, September 2017 and Ortho-Phosphates were recorded.

In the case of sewage purification plants, it is important to understand that the operator cannot influence the incoming flow volumes, as indicated earlier in this report. The situation at Lethabong is aggravated by the fact that the inflow of raw sewage is reduced by blockages in the system, whilst the flow is also increased by water leaks and storm water finding its way into the sewerage reticulation. These conditions can be attributed to reticulation systems which are in poor condition.

From enquiries made it appears that there are collapsed lines in the sewer reticulation, stones and rubble in the manholes and blockages which are stuck to the extent that special equipment will be required to remove it.

Restitution Measures

The water and sewer reticulation systems at Lethabong need to be rehabilitated and refurbished where required. It is believed that there are sections in the sewerage reticulation where some sections of the line do not have a sufficient gradient. It is further believed that large numbers of houses have not been connected to the reticulation. In order to address the situation, the following will have to be done;

1. A CCTV inspection of the sewer lines to identify and pin-point problem areas;
2. A level survey and compilation of actual as-built layouts and cross sections;
3. A survey of the number of stands connected to the system;
4. An investigation regarding the ingress of rainwater into the sewer system;
5. Planning and design of reinstatement plans for the water, sewer and stormwater systems;
6. Implementation.

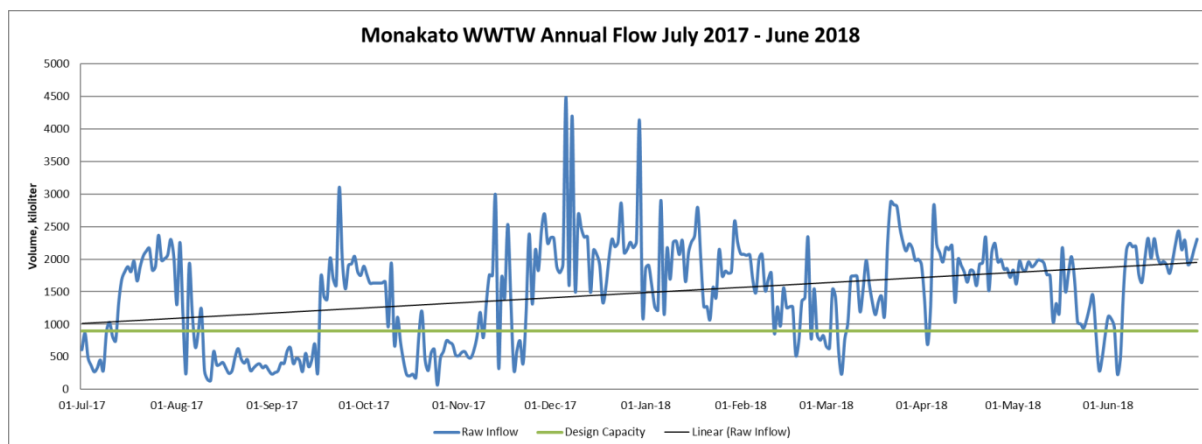
Challenges Outside Operator Control

The above restitution proposals fall outside the mandate of the Trust. This is something which needs to be given serious consideration by the RLM.

12. MONAKATO SEWAGE TREATMENT PLANT

The Monakato Sewage Purification Works is a basic oxidation dam system, designed to treat 1000 kℓ/day. On average the inflow for the period under consideration was 1483 kℓ/day, which is higher than the design capacity. There was, however, times when the inflow was about 3 times the design capacity. Such an excess will naturally have an effect on the effluent quality. The accuracy of the flows

reading under high inflow condition is not accurate as the inlet works, where the measurements are taken, get flooded. This should be rectified once the refurbishment of the works, which is currently being undertaken by the Municipality, is completed.



With reference to the performance of the Monakato Sewage Purification Works, during the period under question, this is indicated in Table 5 below.

Table 5: Quality Measurement at Monakato Sewage Treatment Plant

Determinant	Performance standard	Current performance 30 June 2017	
		Performance achieved	Compliance
<ul style="list-style-type: none"> Ph Elec. Conductivity COD Ammonia Nitrate Suspended Solids Faecal Coliform Free Chlorine Ortho-Phosphate 	<ul style="list-style-type: none"> 6.5 - 8.5 <150mS/m < 75 mg/l <1 mg/l < 15 mg/l < 25 mg/l < 0/100ml < 0.25 mg/l < 1.0 mg/l 	<ul style="list-style-type: none"> 7.38 - 8.46 95 - 179 mS/m 105 - 262 mg/l 0.16 - 25.4 mg/l 0.5 - 1.13 mg/l 12 - 142 mg/l 0 - 2001/100ml 0.24 - 0.32 mg/l 0.5 - 4.0 mg/l 	<ul style="list-style-type: none"> Compliant 92% Compliant Non-Compliant 8% Compliant Compliant 25% Compliant 92% Compliant 8% Compliant 8% Compliant

Performance Review

In general, the performance of the plant was about the same as in the previous 12 months. The plant was not designed to perform in accordance with the license conditions, but it did perform remarkably well in this respect.

Restitution Measures

The Rustenburg Local Municipality has appointed a Consultant for the upgrading of the plant. The upgrading of the inlet works and modification to the sludge pods are envisaged to be completed by the end of 2018

A new distribution pipeline to increase the flow distribution effectiveness and retention time through the oxidation ponds was installed. The cost of the installation of PVC curtains in the oxidation ponds in order to prevent short-circuiting was considered too exorbitant and was put on hold pending further funding for the upgrade of the plant.

Challenges Outside Operator Control

The Monakato upgrade project needs to be given a high priority on the priority list for MIG projects.

13. CONCLUSION - WASTE WATER TREATMENT PLANTS

The plants have performed fairly well during the 12-month period up to 30 June 2018, and although all the standards were not consistently achieved, deviations from standards were not significant. Although there is room for improvement, very significant successes have been achieved.

Based on the performance results discussed above, it is clear that there are a number of common factors which negatively affect the performance of all the plants. These are indicated below.

Incoming Flow: Most of the time the incoming flow varies little from the average flow, during which times the plants operate satisfactorily. At times, however, the inflow can increase up to 20 times the design flow, particularly during rainy seasons, and at times it can reduce to about 50% of the norm as a result of blockages. Large fluctuations in flow have a bad impact on the operation of any treatment plant. The operator has no control over the volume of flow coming in, and no corrective measures can be put into place to address the situation.

Power Failures: Apart from Lethabong there has been no significant power failures during the 12 month period on frequency and duration, and this has quite a beneficial effect on both the performance and economy of the plants.

Process Failure: It still happens at times that illegal tanker discharges or illegal spillages from industries or other sources cause process failures. Restitution measures have however reduced both the frequency and severity of these occurrences. In addition, the Operator continuously updates the Risk Abatement Plans following the lessons learned from previous such events.

WATER PURIFICATION PLANTS

14. BOSPOORT WATER PURIFICATION PLANT

The Bospoort Water Purification Plant is a 12 Ml/d sophisticated water purification plant. It incorporates processes such as granular activated carbon and dissolved air flotation to enable to cope with the highly eutrophic water from Bospoort Dam. The primary objective of Bospoort Water Purification Works is to produce potable water fully compliant with SANS 241. In August 2017 Contractors commenced with the construction of the Civil work to double the plant capacity to 24 Ml/d. It is expected that the Civil

work will be completed in Feb 2019. Due to interference, by the Municipality in the tender proceeded for the Mechanical/Electrical work, this work has been stalled.

The following Table 6 shows the ability of the plant to produce compliant water:

Table 6: Performance Measurement at Bospoort Treatment Plant

Key performance indicator	Target	Performance 30 June 2018
Production from the plant must be equal to design capacity of 12 Ml/d	Production be 90% or more of the design capacity	The average daily production over the relevant 12 months was 10.9Ml, which is more than 90% of design capacity.
Water Quality to comply with SANS 241	100% Compliance	Nearly 98% compliance was achieved, which is the same as the previous year.

Performance Review

There were plant stoppages totaling more than 1169 hours during the period, which is one of the reasons for the plant failing to reach its production target. Some of these were the result of power failures, and some were deliberate close-downs for various reasons, including maintenance and repairs on the pipeline. Poor quality of the source water is another reason for the plant's failure to reach its full production. Poor quality water requires more backwashing which reduces the produced water and the time in which to produce water. The poor quality of the source water is a direct result of main line sewer blockages which allows raw sewage to find its way into the Hex River.

It still happened frequently during the review period that the Booster reservoir was full causing the plant to be stopped. This constitutes the third reason for the plant not reaching its production target.

As far as quality of the water is concerned, the chloride values, which used to pose a problem, were within the limits. All the incidents where values were outside the limits, were isolated cases of marginal excesses which did not pose any health risks.

Restitution Measures

The operator has no control over the quality of the source water. Due to the lack of efforts to remove blockages from the outfall sewers serving the Boitekong WWTW, a significant amount of untreated sewerage is finding its way into Bospoort Dam. This is estimated at about 10MI/day. Drastic efforts are therefore required to address all these blockages. The resultant improvement in the quality of source water will unfortunately be slow once these measures are implemented

Challenges outside Operator Control

The operator cannot control the management of reservoir levels. The only reliable way to improve the quality of the source water is to get a Sewer Cleaning Management Plan in place and to fund and

appoint contractors to implement the plan and ensure that blockages are attended to on a sustained basis.

15. KLOOF WATER PURIFICATION PLANT

The Kloof Water Purification Works is a small, very old facility that used to be one of the first sources of potable water to Rustenburg. It is fed from the Dorpspruit which originates in the Magalies mountain range from springs, and the water quality is normally of a very high standard.

The following Table 6 shows the ability of the plant to produce compliant water:

Table 6: Performance Measurement at Kloof Treatment Plant

Key performance indicator	Target	Performance 30 June 2018
Production from the plant must be equal to design capacity of 2 Ml /d	Production be 90% or more of the design capacity	The total production for the twelve months ending 30 June 2018 was 356 Ml, which is a 36% increase on the production of the previous year's production of 260 Ml
Water Quality to comply with SANS 241	100% Compliance	Compliance was 96%. The quality of the water was fully compliant for the period under review, except for some samples which failed to reach the requirements for color & turbidity.

Performance Review

The dam feeding the Kloof Treatment Plant ran empty during October 2015, since which time no further water was produced except for a few days in April 2016 after some good rains. To improve production a borehole was sunk below the dam wall and this made a huge difference. Since January 2017 production figures were better as can be seen in the increased production on the previous year.

It is acknowledged that WSSA does not have control over the raw water quality. Fats coming from the hotel sporadically cause blockages in the sewer lines in the vicinity, resulting in spillages in the area. The situation is monitored on a daily basis to prevent further contamination.

The plant is a relatively simple process. Because of the high quality of the source nothing more sophisticated is necessary. But the plant cannot treat turbidity or color. During the period under review there were some samples which exceeded the required standard for turbidity, but the color was 100% for the whole 12 months under review.

Restitution Measures

The work carried out to improve the yield of the dam was successful and it is expected that production will in future come close to the target.

16. CONCLUSION - WATER TREATMENT PLANTS

Except for those circumstances which cannot be controlled, the two water treatment plants performed very well during the 12-month period up to 30 June 2018.

17. FINANCIAL PERFORMANCE

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

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

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

The ratio is set at 1, 5 times and as on 30 June 2018 we achieved 4, 77 times (2017 - 4, 73) including cash. Excluding cash, we achieved 2,02 times (2017 - 1, 92) times on June 2018. What this means is the trust is in a healthy financial position and earnings is 2,02 times higher than the annual commitments.

This is measured before taking into account any possible bad debts which need to be written off. At this point no bad debts have been provided for.



Report of the auditor-general to the North West provincial legislature and the council on the Rustenburg Water Services Trust

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Rustenburg Water Services Trust set out on pages 417 to 439, which comprise of the statement of financial position as at 30 June 2018, and the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of actual vs budget for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. 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 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA).
3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Restatement of corresponding figures

7. As disclosed in note 22 to the financial statements, the corresponding figures for 30 June 2017 were restated as a result of errors in the financial statements of the entity at, and for the year ended, 30 June 2018.

Other matters

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

Unaudited disclosure notes

9. In terms of section 125(2)(e) of the MFMA, the 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.

Responsibilities of the accounting officer for the financial statements

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA standards of GRAP and the requirements of the 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.
11. In preparing the financial statements, the accounting officer is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations, or there is no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

12. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

Report on the audit of the annual performance report

Introduction and scope

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected key performance areas presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
15. My procedures address the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of

future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected key performance area presented in the annual performance report of the entity for the year ended 30 June 2018:

Key performance area (KPA)	Pages in the annual performance report
KPA 1 – Rustenburg sewage treatment plant	400

17. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. The material findings in respect of the usefulness and reliability of the selected key performance area are as follows:

KPA 1 – Rustenburg sewage treatment plant

Various indicators

19. The targets for indicators listed below, as approved in the multi-year business plan, was not consistent with the targets as reported in the annual performance report (APR).

Indicator description	Initial target	Revised target
Ph	7.5 – 7.8	6.5 – 8.5
COD	50 mg/l	< 75 mg/l
Ammonia	1 - 2 mg/l	< 1 mg/l
Nitrate	5 mg/ l	< 6 mg/l
Suspended Solids	10 mg/l	< 10 mg/l

Various indicators

20. The indicators below were approved in the multi-year business plan; however, these indicators were omitted from the annual performance report.

Indicator description	Planned targets per annual planning document
Total organic carbon	< 15 mg/l
Alkalinity	< 150 mg/l
Phosphate	< 5 mg/l

Various indicators

21. I was unable to obtain sufficient appropriate audit evidence for the reported achievement for the indicators listed below. This was due to these indicators and targets not being included in the approved multi-year business plan. I was unable to confirm how it was predetermined how the achievement would be measured, monitored and reported by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of these indicators as reported in the annual performance report:

Indicator description	Planned targets per APR	Reported actual achievement per APR
Elec. Conductivity	<150 mS/m	72.8-97.3 mS/m
E-coli	< 0/100mℓ	0-1/100 mℓ
Free Chlorine	< 0.2 mg/ℓ	0.1 - 0.4mg/ℓ

Other matter

22. I draw attention to the matter below.

Achievement of planned targets

23. Refer to the annual performance report on pages 393 to 410 for information on the achievement of 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 in paragraphs 20 to 22 of this report.

Report on audit of compliance with legislation

Introduction and scope

24. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
25. The material findings on compliance with specific matters in key legislation are as follows:

Financial statements

26. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of revenue, expenditure and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Strategic planning and performance management

27. The annual performance objectives and indicators were not established by agreement with the parent municipality, as required by section 93B(a) of the MSA.

Other information

28. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report thereon and the selected KPA presented in the annual performance report that have been specifically reported on in the auditor's report.
29. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
30. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected KPA presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
31. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

32. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.
 - The accounting officer of the municipal entity has established effective internal controls however, the consistency between the planning and reporting documents for performance information needs to be further improved. Material corrections were made to the financial statements to improve the presentation and disclosure with consequential non-compliance findings.

Auditor - General

Rustenburg

30 November 2018



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

5. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for the selected key performance area and on the entity’s compliance with respect to the selected subject matters.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in the auditor’s report, I also:

- identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
- conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Rustenburg Water Services Trust’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and where applicable, related safeguards.



ANNUAL FINANCIAL STATEMENTS

30 JUNE 2018

TRUSTEES' REPORT

For the year ended 30 June 2018

The trustees present their annual report of the Trust, for the period ended 30 June 2018.

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 was 1 September 2003

3 Operating and financial review

	2018	2017
	R	R
Revenue	176 991 504	164 576 761
Operating surplus	82 385 697	109 613 447
Net surplus for the period	74 758 803	98 668 445
Total assets	858 677 186	806 931 872
Total liabilities	135 492 780	158 377 547

4 Statutory funds

A donation of R1, 000 was donated by the donors as per the Deed of the Trust

5 Financial objectives and performance against forecasts

Financial performance for the 12-month period was satisfactory, in line with management's expectations. Collection of long outstanding debtors became problematic during the year and is receiving attention.

6 Trustees and secretary

The following are the registered Trustees of the Trust:

30-Jun-18

Obakeng Khutsoane
Daisy Sedumedi
Torrence Mathonsi
Theuns Ehlers

30-Jun-17

Obakeng Khutsoane
Daisy Sedumedi
Torrence Mathonsi
Theuns Ehlers

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.

TRUSTEES' REPORT (Continued)

For the year ended 30 June 2018

10 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 2017. This resulted in a revaluation surplus on the Statement of Financial Position. An impairment test was conducted on the assets in 2018 and resulted in a write down of some of the assets.

11 Contingent Liabilities

The attention of the users of the financial statements are drawn to potential litigation with regards to contract RWST 2017/02 to the amount of R 85 million. The Rustenburg Water Service Trust contract was used and signed for by the accounting officer of the parent municipality, without a delegated authority.

The financial statements were accepted by the Accounting Officer on 30 Nov 18 and are duly signed:



ADMINISTRATOR

STATEMENT OF FINANCIAL POSITION AS AT 30 June 2018

	NOTES	2018 R	2017 R
LIABILITIES			
Non-Current Liabilities			
Long term liabilities	5	87 971 520	115 739 731
Current liabilities			
Trade and other payables (exchange transactions)	8	19 299 240	17 335 874
Short Term Portion of Liabilities	5	27 806 584	24 605 702
VAT payable		415 436	696 240
		47 521 260	42 637 816
Total Liabilities		135 492 780	158 377 547
ASSETS			
Non-current Assets			
Lease Hold Improvements	3	591 259 530	597 164 016

		591 259 530	597 164 016
Current assets			
Trade receivables (exchange transactions)	6	146 019 231	79 251 237
Trade receivables (non-exchange transactions)	6	8 136 258	14 994 880
Cash and cash equivalents	7	113 262 167	115 521 739
		267 417 656	209 767 856
Total Assets		858 677 186	806 931 872

NET ASSETS

Statutory funds		1 000	1 000
Revaluation Surplus		266 339 022	266 482 705
Distributable reserves	4	456 844 384	382 070 620
TOTAL NET ASSETS		723 184 406	648 554 325

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2018

		2018	2017
		R	R
REVENUE - From exchange transactions			
Sales – water		176 991 504	164 576 761
COST OF SALES			
Rustenburg WWTW		40 565 736	36 187 653
Boitekong WWTW		9 829 141	11 516 211
Bospoort WTW		14 255 690	11 057 762
Kloof WTW		1 686 510	1 409 360
Monakato WWTW		947 158	866 620
Lethabong WWTW		2 463 751	2 390 132
Effluent monitoring		798 655	760 021
Operator overheads			
Day works and provisional sums		810 978	768 482
Management and general staff		4 360 781	4 060 505
		75 718 400	69 016 746
GROSS MARGIN		101 273 104	95 560 015
		57%	58%
OTHER INCOME - From exchange transactions			
Tender documents		177 059	23 400
Profit on disposal of fixed assets		-	15 000

		177 059	38 400
OTHER INCOME - From non-exchange transactions			
MIG grant funding		35 980 874	47 496 564
Recovery of EOH expenses		180	-
Recovery of Anglo DAF expenses		-	13 254 090
		35 981 054	60 750 654
		137 431 217	156 349 069
EXPENSES			
Administrator's Remuneration		2 347 268	2 197 807
Auditors Remuneration		498 575	623 671
Master Plan		-	450 848
Bank charges		8 068	8 281
Consulting fees		171 046	-
Depreciation		36 854 785	17 644 007
Insurance		794 432	836 200
Loss on disposal of fixed assets		-	1 285 675
Impairment loss	18	160 350	2 276 833
Restatement - asset values		-	10 046 845
Legal Fees		136 209	25 704
O & M Supervision		2 496 980	2 245 418
Repairs		10 180 721	8 866 064
Trustees Remuneration		303 425	200 769
GRAP compliance		918 557	-
DWS Compliance		175 104	-
Strategic Planning		-	27 500
		55 045 520	46 735 622
Surplus from operations		82 385 697	109 613 447
Finance costs			
Interest received (from non-exchange transactions)		9 338 753	8 867 643
Interest paid (from non-exchange transactions)	9	(16 965 647)	(19 812 645)

Surplus for the period

74 758 803 98 668 445

STATEMENT OF COMPARISON OF ACTUAL VS BUDGET

For the year ended 30 June 2018

	Actual 2018 R	Budget 2018 R	% Variance 2018 R	
REVENUE				
Sales: RLM	119 294 267	132 302 968	-9.83%	Acceptable, less water volume received
Sales: Mines	57 697 237	54 920 512	5.06%	Acceptable
TOTAL REVENUE	176 991 504	187 223 480		
COST OF SALES				
	75 718 400	100 621 396	24.75%	Saving realised, less water volume treated
GROSS MARGIN				
	101 273 104	86 602 084		
OTHER INCOME				
Tender deposits received	177 059	-	100.00%	Not budgeted for
MIG grant funding	35 980 874	-	100.00%	Refer CAPEX.
	36 157 933	-		
	Actual	Budget		
EXPENSES				
Administrator's remuneration	3 265 825	3 343 816	2.33%	
EOH Master Plan	-180	820 635	100.02%	Cost saving, acceptable
Auditors Remuneration	498 575	539 359	7.56%	Cost saving, acceptable
Bank charges	8 068	76 250	89.42%	Cost saving, acceptable
Consulting and Ad Hoc services	171 046	460 308	62.84%	Cost saving, acceptable
Depreciation	36 854 785	36 840 000	-0.04%	
Impairment loss	160 350	0	-100.00%	Not budgeted for
DWS Compliance	175 104	2 141 849	91.82%	Cost saving, budget to be adjusted downward
Insurance	794 432	943 259	15.78%	Cost saving, acceptable
Sec 78 - Water Transformation	0	426 000	100.00%	Item to be removed from budget
Legal Fees	136 209	327 408	58.40%	Cost saving, acceptable
Repairs	10 180 721	10 150 994	-0.29%	
Telemetry	0	798 750	100.00%	Item to be removed from budget
Trustees Remuneration	303 425	310 000	2.12%	Cost saving, acceptable
O&M Supervision	2 496 980	3 073 871	18.77%	Cost saving, acceptable
Leasing Charges	254 923	395 545	35.55%	Cost saving, acceptable.
	55 300 263	60 648 044		Budget to be adjusted
Surplus from operations	82 130 774	25 954 041		

Finance costs - net					
	Interest received	9 338 753	7 109 488	31.36%	More cash on hand and higher interest rate
	Interest paid	(16 710 724)	(16 705 337)	-0.03%	
Surplus for the period		74 758 803	16 358 192		
DSCR:	EBIT & Depreciation	83 004 685	62 794 041		
	Reserves	113 262 167	113 262 167		
	Bank repayments	41 144 044	41 144 044		
	Including reserves	4.77	4.28		
	Excluding reserves	2.02	1.53		

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

	Note	Statutory funds	Retained Earnings	Revaluation Surplus	Total
		R	R	R	R
Balance at 30 June 2010		1 000	1 484 649		1 485 649
Prior year adjustments			42 441 834		42 441 834
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
Surplus for the year			21 105 656		21 105 656
Impairment adjustment for the year				(700 759)	(700 759)
Balance at 30 June 2013		1 000	100 041 534	123 486 921	223 529 455
Surplus for the year			34 331 616		34 331 616
Impairment adjustment for the year				(588 134)	(588 134)
Balance at 30 June 2014		1 000	134 373 150	122 898 787	257 272 937
Surplus for the year			64 976 931		64 976 931
Impairment adjustment for the year				(121 282)	(121 282)
Balance at 30 June 2015		1 000	199 350 081	122 777 505	322 128 586

Opening retained income correction	19		(834 712)	(1 674 952)	(2 509 664)
Surplus for the year	19		85 502 931		85 502 931
Impairment adjustment for the year				(546 934)	(546 934)
Revaluation surplus transferred	19		20 018	(20 018)	-
Balance at 30 June 2016		1 000	284 038 318	120 535 601	404 574 919
Surplus for the year			98 668 445		98 668 445
Impairment adjustment for the year	18			(1 715 197)	(1 715 197)
Distribution to beneficiary			(650 000)		(650 000)
Revaluation surplus transferred			13 857	(13 857)	-
2017 Revaluation surplus for the year				147 676 158	147 676 158
Balance at 30 June 2017		000	382 070 620	266 482 705	648 554 325
Surplus for the year			74 758 803		74 758 803
Impairment adjustment for the year	18			(128 724)	(128 724)
Revaluation surplus transferred			14 960	(14 960)	-
Balance at 30 June 2018		000	456 844 383	266 339 021	723 184 404

STATEMENT OF CASH FLOWS
For the year ended 30 June 2018

	NOTES	2018 R	2017 R
Cash flows from operating activities			
Cash receipts from operating activities		153 240 245	203 314 480
Cash paid to suppliers		96 566 295	103 485 813
Cash generated from operations	10	56 673 950	99 828 667
Interest paid		(16 965 647)	(19 812 645)
Interest received		9 338 753	8 867 643
Net cash flow from operating activities		49 047 056	88 883 665
Cash flows from investing activities			

Proceeds on disposal of property, plant and equipment		-	15 000
Acquisition of property, plant and equipment		(26 739 299)	(69 186 260)
Net cash flow from investing activities		(26 739 299)	(69 171 260)
Cash flow from financing activities			
Long term Liabilities	5	(24 567 329)	(21 701 925)
Distribution to beneficiary		-	(650 000)
Net cash flow from financing activities		(24 567 329)	(22 351 925)
Net decrease in cash and cash equivalents		(2 259 572)	(2 639 520)
Cash and cash equivalents at beginning of year		115 521 739	118 161 259
Cash and Cash equivalents at end of year	7	113 262 168	115 521 739

ACCOUNTING POLICIES

For the year ended 30 June 2018

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

1 BASIS OF PREPARATION

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

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

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

GRAP 32, Service Concession Arrangements: Grantor

GRAP 108, Statutory Receivables

GRAP 20, Related Party Disclosures (Revised)

2 TRADE RECEIVABLES

All receivables constitute receivables from both exchange transactions and non-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.

ACCOUNTING POLICIES (Continued)

For the year ended 30 June 2018

6 LEASEHOLD IMPROVEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 REVALUATION AND IMPAIRMENT

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

For the year ended 30 June 2018

8 PROVISIONS

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

9 REVENUE RECOGNITION

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

(a) Sale of goods

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

(b) Interest income

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

(c) Contributions received

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

(d) MIG Grants received

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

10 RESERVE ACCOUNTS

Contingency Reserve Account

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

Debt Service Reserve Account

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

Industrial Contingency Reserve account

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

11 FINANCIAL INSTRUMENTS

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

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

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

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

Financial assets or a portion of the financial assets are de-recognised when the Trust loses control of the contractual rights that comprise the financial asset. The Trust loses such control if it 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.

12 GOING CONCERN

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

13 ROUNDING

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

14 EVENTS AFTER YEAR END

To the knowledge of the Trustees there were no events after year end which could negatively impact on the going concern of the Trust.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 30 June 2018

2.1 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with SA GAAP and GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the trust's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the annual financial statements, are disclosed below:

Critical accounting estimates and assumptions

The trust makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year are outlined below:

Depreciation:

During each financial year, management reviews the assets within property plant and equipment to assess whether the useful lives and residual values applicable to each asset are appropriate.

Leasehold Improvements

In 2004, the Trust entered into a long-term lease with the local municipality whereby specified old water and sewage infrastructure assets are leased on long term (up to June 2025) from the Local Municipality. After the Term Loan is settled (31 December 2021) it is up to the Parent Municipality whether to take back the assets. Expansion and refurbishment conducted since the start of the project have previously been reported under 'owned assets' and will from now on all be reported as 'lease hold improvements assets'. This will be for the current as well as comparative years. It is not possible to physically differentiate between original and subsequent refurbished assets. Prior to 2017 the depreciation charge was limited to the shortest of the remaining lease period or remaining useful life of the individual asset. After considering the legal relationship between the parent municipality and the trust it was decided to not limit the depreciation period.

3. LEASE HOLD IMPROVEMENTS

	Cost / Valuation	2018 Accumulate d depreciation and impairment	Carrying value	Cost / Valuation	2017 Accumulated depreciation and impairment	Carrying value
Land & Buildings	35 238 350	(12 878 051)	22 360 299	35 230 667	(12 156 449)	23 074 218
Plant & Equipment	930 116 922	(561 956 214)	368 160 708	930 914 765	(526 827 303)	404 087 462
Moveable's	1 721 005	(1 253 045)	467 961	1 652 800	(788 100)	864 701
Other Assets	-	-	-	-	-	-
Work in Progress	200 270 561	-	200 270 561	169 137 635	-	169 137 635
Total	1 167 346 838	(576 087 310)	591 259 529	1 136 935 861	(539 771 851)	597 164 016

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation and impairment	Carrying value
Land & Buildings	23 074 218	32 783	-	(746 702)	22 360 299
Plant & Equipment	404 087 462	410 925	-	(36 337 680)	368 160 708
Moveable's	864 701	69 204	-	(465 944)	467 961

Other Assets	-	-	-	-	-
Work in Progress	169 137 635	31 132 926	-	-	200 270 561
Total	597 164 017	31 645 838	-	(37 550 325)	591 259 529

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions / Asset Allocations	Disposals / Asset Allocations	Depreciation and impairment	2017 Revaluation	Carrying value
Land & Buildings	23 051 929	121 209	(8 511 018)	(760 339)	9 172 437	23 074 218
Plant & Equipment	277 166 446	20 832 439	(1 149 900)	(20 760 275)	127 998 752	404 087 462
Moveable's	5 153 698		(4 631 697)	(115 424)	458 124	864 701
Other Assets	2 115 402		(2 115 402)			-
Work in Progress	93 894 921	75 242 714				169 137 635
Total	401 382 396	96 196 361	-16 408 017	-21 636 037	137 629 313	597 164 017

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 30 June 2018

	2018 R	2017 R
4 DISTRIBUTABLE RESERVES		
At beginning of year	382 070 620	284 038 319
Profit for the year	74 758 803	98 668 445
	456 829 423	382 706 764
Distribution to beneficiary	-	(650 000)
Revaluation reserve transferred	14 961	13 856
Balance at end of year	456 844 384	382 070 620

5 LONG TERM LIABILITIES

Non-current

5.1 Bank borrowings		
ABSA Bank Limited	113 561 380	137 997 058

The loan is secured by:

- a general notarial bond over the movable assets of the Trust with a carrying value of

2018	2017
467 961	864 701

- cession of the Rustenburg Lease Agreement
- the Debt Service Reserve Account, the Contingency Reserve Account and the Industrial Contingency Reserve Account.

The loan bears interest at a fixed rate of 12.34% NACM. The loan is repayable over a period of 15 years.

Initial borrowing costs were capitalised

	Less short-term portion	(27 640 198)	(24 474 051)
		85 921 182	113 523 007
5.2	Finance lease liabilities		
	Rustenburg Local Municipality	2 216 724	2 348 375
	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	(166 386)	(131 651)
		87 971 520	115 739 731
5.2.1	Reconciliation of future minimum lease payments to the present value of future minimum lease payments.		
	Future minimum lease payments	3 305 338	3 691 912
	Not later than 1 year	405 904	386 574
	Later than 1 year and not later than 5 years	1 837 188	1 749 647
	Later than 5 years	1 062 246	1 555 691
	Interest	(1 088 614)	(1 343 536)
	Present value of future minimum lease payments	2 216 724	2 348 376
	Not later than 1 year	166 386	131 651
	Later than 1 year and not later than 5 years	1 121 023	926 398
	Later than 5 years	929 315	1 290 326

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 30 June 2018

		2018	2017
		R	R
6	TRADE AND OTHER RECEIVABLES (from exchange transactions)		
	Debtors' ageing		
	Current	20 548 350	19 974 917
	30 days	17 187 048	16 315 842
	60 days	12 753 715	11 681 303
	90 days +	95 491 501	31 241 392
		145 980 613	79 213 455
	Insurance - Prepayments	38 617	37 783
		146 019 230	79 251 238
	TRADE AND OTHER RECEIVABLES (non-exchange transactions)		
	Debtors' ageing		
	Current	3 610 137	5 401 414
	30 days	-	1 834 694
	60 days	-	580 652
	90 days +	4 526 121	7 178 120
		8 136 258	14 994 880
7	CASH AND CASH EQUIVALENTS	2018 Balances	2017 Balances

	Opening	Closing	Opening	Closing
ABSA Bank Limited				
Distribution Reserve Account	2 403 727	5 257 311	10 930 977	2 403 727
Distribution Call Account	29 250 190	17 949 779	39 083 554	29 250 190
Contingency Reserve Account - Current	14 759 327	6 890	12 839 360	14 759 327
Industrial Reserve account - Current	2 988 306	498	2 601 180	2 988 306
Debt Service Reserve Account - Current	66 120 189	34 762	57 512 137	66 120 189
Contingency Reserve Account - Investment	-	15 840 720	-	-
Industrial Reserve account - Investment	-	3 207 189	-	-
Debt Service Reserve Account - Investment	-	70 965 018	-	-
	115 521 739	113 262 167	122 967 208	115 521 739

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

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

Cash resources	113 262 167	115 521 739
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There are no 'undrawn facilities' available at any financial institution for the Trust.

Interest accrued and received on the 1st of July of the following year are included in the balances of the bank accounts.

8 TRADE AND OTHER PAYABLES (from exchange transactions)

Trade payables	19 299 240	17 335 874
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9 FINANCE COSTS - NET

Interest received

Current Account	9 338 753	8 867 643
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Interest paid

Current and Long-Term Loans	(16 710 724)	(19 545 773)
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Finance Lease	(254 923)	(266 872)
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	(7 626 894)	(10 945 002)
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 30 June 2018

	2018	2017
	R	R
10 CASH GENERATED FROM OPERATIONS		
Surplus before tax	74 758 803	98 668 445
Adjustments for:		
Interest paid	16 965 647	19 812 645
Interest received	(9 338 753)	(8 867 643)
Depreciation & profit on disposal of assets	36 854 785	17 644 007
Net loss on disposal of fixed assets	-	1 270 675
Impairment	566 817	2 276 833
Restatement of the fair values of assets	-	10 046 845
	119 807 299	140 851 807

Changes in working capital		
Trade and other receivables	(59 909 372)	(22 732 575)
Payables	(3 223 977)	(18 290 565)
Cash generated from operations	56 673 950	99 828 667

11 FINANCIAL INSTRUMENTS

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 receivables is limited due to the fact that there is only one major customer, the Rustenburg Local Municipality.

The carrying amounts of financial assets included in the balance sheet represents 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.

	2018	2017	
	R	R	
Financial instruments at amortised cost			
Finance lease liability - Rustenburg Local Municipality	2 216 724	2 348 376	Exposed to interest rate risk
Long-term liabilities - Bank borrowings	113 561 380	137 997 058	Exposed to interest rate risk
Financial instruments at fair value			
Cash resources	113 262 167	115 521 739	Exposed to liquidity risk
Trade receivables	154 155 489	94 246 118	Exposed to credit risk
Trade and other payables	19 299 240	17 335 874	Exposed to liquidity risk

12 TAXATION

The Trust is a vesting trust and all income tax vests with the sole beneficiary, being the Rustenburg Local Municipality, who in turn is exempt from paying income tax.

13 RELATED PARTY TRANSACTIONS

13.1 The transactions between RLM and The Rustenburg Water Service Trust is classified as related party transactions. The nature of the relationship is that RLM is the sole Beneficiary of the Trust and has the right to appoint 4 representative on the board of trustees.

	Note	2018	2017
Water Sales to RLM	19	119 294 267	112 720 004
Accounts Receivable - Water Sales		(132 312 403)	(67 539 050)
EOH Recovery to RLM		2 336 902	5 135 965
Accounts Receivable - EOH		(2 664 068)	-5 855 000
MIG Grant Funding		35 980 874	47 496 564
Accounts Receivable - MIG		(5 472 190)	-9 139 880
Finance Lease Liabilities		2 216 724	2 348 376
Interest paid - Finance Lease		(254 923)	(266 872)

Distribution to beneficiary - (650 000)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 30 June 2018

RELATED PARTY TRANSACTIONS (Continued)

2018

2017

13.2

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 board of Trustees and thereby has an influence on financial and operating policies of the Trust.

Interest Received	9 338 753	8 867 643
Bank Charges	(8 068)	(8 281)
Interest paid on term loan	(16 710 724)	(19 545 773)
Term Loan	113 561 380	137 997 058

13.3

The transactions between the Trustees and The Rustenburg Water Service Trust is classified as related party transactions. The nature of the relationship is that the Trustees are all on the board and thereby has an influence on financial and operating policies of the Trust.

Obakeng Kutsoane	87 009	60 212
Daisy Sedumedi	113 550	75 082
Torrence Mathonsi	102 866	65 475
	303 425	200 769

14 COMPARRISON TO BUDGET

The actual performance is compared to the budget and is included on the Statement of Comparison of Actual vs Budget.

15 IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

The Trust is not aware of any irregular, or fruitless and wasteful expenditure which occurred during the financial year. The Trust however did receive a formal objection from one or more of its bidders on tender RWST2017/02, this matter is receiving attention.

16 COMMITMENTS

The Trust entered into service level agreements with companies in order to fulfil certain of the Trust's obligations. All the commitments are accrued on a monthly basis as and when the services are rendered.

Alula Water	46 379 097	56 771 236
Ultimate Dynamics	28 941 648	44 712 449
Ecoleges	478 731	513 786
RCC	12 274 072	15 576 870

17 INTERGOVERNMENTAL ALLOCATIONS

The net amount of VAT paid over to the South African Revenue Services

7 871 253 1 826 776

18 IMPAIRMENT

Land & Buildings

Recognised in net assets	Recognised in surplus / deficit
11 651	1 024

Plant & Equipment	117 072	159 009
Moveable's	-	317
	128 724	160 350

An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the assets future economic benefits or service potential through depreciation. An impairment loss of a cash flow generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount. In terms of par.08 of GRAP 26, the Trust need to assess at the reporting date whether there is an indication that the value of the asset may be impaired since the last revaluation.

The assets of the RWST is water treatment plants and are considered to be cash generating units. The recoverable amount is regarded as its fair value less cost to sell. The fair value is determined by reference to an active market. The impairment resulted from obsolescence.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 30 June 2018

19 CHANGE IN ACCOUNTING ESTIMATE

In terms of the 2012 revaluation, the remaining useful life was limited to the end of the leasing period. IAS17 determines that the depreciation period is limited to the remaining period of the lease in case where there is no certainty over the ownership of the assets. During 2016/17 the municipality started a section 78 process. This is a clear indication that the assets will not revert back to the Municipality after the lease expiry date and as a result the trust now had reason to deviate from IAS17 and could no longer limit the remaining useful life to the end of the lease period. During the 2017 revaluation, condition assessments were performed, new residual values and estimated useful lives were determined resulting in a lower depreciation charge.

The amount of the effect in the current and future periods could not be disclosed, estimating it is impracticable due to the fact that the change in residual values and estimated useful lives were identified as part of the 2017 revaluation and could not be differentiated.

20 DEVIATION FROM COMPETITIVE BIDDING

The procurement of EOH to deliver the Trust's water services master plan was done by approval from the board on a section 32 basis and a competitive bidding process was not followed.

A deviation in the Trust's procurement process was recorded where the insurance contract was not procured via a competitive bidding process. An amendment to the SCM policy of the Trust is required.

21 CONTINGENT LIABILITIES

The attention of the users of the financial statements are drawn to potential litigation with regards to contract RWST 2017/02 to the amount of R 85 million. The Rustenburg Water Service Trust contract was used and signed for by the accounting officer of the parent municipality, without a delegated authority.

22 CORRECTION OF ERROR

2017

22.1 The Trust did not make provision for the retention amounts on its contracts.

Assets were debited (balance sheet)	2 592 956
Trade payables were credited (balance sheet)	2 592 956

22.2 The Trust accounted for EOH expenses, and the recovery thereof from The Rustenburg Local Municipality, separately on the Statement of Comprehensive Income.

Other income debited (income statement)	5 135 965
Expenses were credited (income statement)	5 135 965

22.3 The Trust disclosed its commitments incorrectly in the 2017 Financial Statements and it is hereby corrected. No financial effect, only disclosure note 16 changed. The commitments relating to operational expenditure was removed and retentions were deducted from commitments of a capital nature. RCC was brought in as a commitment. The impact was a reduction in the 2017 commitments of R 47 342 038

APPENDICES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

INFRASTRUCTURE ASSETS

	CAPITAL PROJECTS (WIP)	Water purification works	Sewerage purification works	Total
	R	R	R	R
2018				
Cost/ Revaluation	200 270 561	303 867 130	663 209 147	1 167 346 838
Accumulated Depreciation	-	(233 630 780)	(342 456 530)	(576 087 310)
Net Book Amount	200 270 561	70 236 350	320 752 617	591 259 528
2017				
Cost/ Revaluation	169 137 635	304 079 433	663 718 799	1 136 935 867
Accumulated Depreciation	-	(221 963 295)	(317 808 555)	(539 771 850)
Net Book Amount	169 137 635	82 116 138	345 910 244	597 164 017

RUSTENBURG WATER SERVICE TRUST

AUDIT IMPROVEMENT PLAN

Ref #	Root cause - AG Description	Planned details to be executed	Action date	Responsible person
1.	Reported indicators inconsistent with planned indicators	Business plan to be amended to include the latest contracted water standards.	April 2019	Trust Admin + Engineer
2.	Correction requested to disclosure note on commitments	Care to be executed when drafting the AFS so no corrections are required. (preparation of AFS)	July 2019	Accountant + Trust Administrator
3.	Performance objectives be included in the Business plan and be approved by Parent Municipality	Performance objectives be included in the Business plan and be approved by Parent Municipality	June 2019	Trust Administrator + RLM Council
4.	Long Term Liabilities difference between ledger and ABSA supporting doc's	ABSA and RWST to agree on the correct amortisation schedule	June 2019	ABSA + Trust Administrator
5.	Misstatements to WIP	Care to be given when capturing invoices so they are entered into the correct accounting period. (preparation of AFS)	July 2019	Accountant + Trust Administrator
6.	Impairment losses to be classified correctly	When impairment losses are identified, care need to apply for correct classification (preparation of AFS)	July 2019	Accountant + Trust Administrator
7.	Assets not in use (spares) need not be depreciated	No action required	N/A	N/A
8.	Correct disclosure of commitments on the AFS. AG agreed to correction.	Correct disclosure of commitments in the AFS (preparation of AFS)	July 2019	Accountant + Trust Administrator
9.	Brokerage fee of AON to be procured on tender	Trust SCM policy to be accepted by RLM	May/June 2019	RLM SCM + RWST
10.	Completeness for pre-determined objectives	Construction project completion objectives and KPI's to be entered into the business plan.	April 2019	Engineer
11.	Multiyear business plan to be restructured to include KPI's. Align performance report	Alignment of performance report to the business plan.	April 2019	Trust Admin + Engineer
Ref #	AG Description	Planned details to be executed	Action date	Responsible person

12.	Extensions to contracts to be approved by Council	Council to approve contract extensions	May 2019	RLM Council + Trust Administrator
13.	RWST independence of its SCM policy	RLM SCM unit to respect the SCM policy of RWST, and its independence	May 2019	RLM Council + RLM SCM unit
14.	Payment within 30 days	Prompt creditor payments required	Throughout	Trust Administrator
15.	Disclosure of commitments	No action required	N/A	N/A
16.	Implementation of the Fraud prevention plan (FPP)	Draft FPP to be approved by the Board of Trustees	June 2019	RWST Trustees

6.3 ANNUAL PERFORMANCE OF THE RUSTENBURG WATER SERVICES TRUST

RUSTENBURG WATER SERVICES TRUST



FRAMEWORK PERFORMANCE PLAN

February 2019

LIST OF CONTENTS

- 1. Introduction**
- 2. Service Providers**
- 3. Business Plan**
- 4. Performance Management**
- 5. Performance Measurement – KPI's**
- 6. Performance Verification**
- 7. Financial Performance measurement**

PERFORMANCE EVALUATION FRAMEWORK FOR RUSTENBURG WATER SERVICE TRUST

1. INTRODUCTION

As the Rustenburg Water Services Trust (RWST) is a municipal entity, the performance measurement of the Trust needs to be performed in terms of the regulations issued by National Treasury.

In terms of the Trust Deed of the RWST, the scope and Objective of the Trust is to:

- 1) Procure the design for the required plant extension
- 2) Procure the construction and oversee implementation, and
- 3) To operate and maintenance of the following plants:
 - Rustenburg Sewage Purification Works (20 now 42 Mℓ/d design capacity)
 - Boitekong Sewage Purification Works (8 Mℓ/d design capacity)
 - Monakato Sewage Purification Works (1,0 Mℓ/d design capacity)
 - Lethabong Sewage Purification Works (2 Mℓ/d design capacity)
 - Kloof Water Purification Works (2 Mℓ/d design capacity)
 - Bospoort Water Purification Works (12 Mℓ/d design capacity)
- in the most cost effective manner and for the purpose of maximizing the Trust Income, and
- 4) To provide potable water to RLM in accordance with the Water Supply Agreement, and
- 5) Supply treated water to the industrial water off-takers in terms of the Off-take Agreement.

In terms of the Trust Deed, the Trust does not have any employees and as such, all the functions are performed through service providers.

The operation and maintenance of the 6 treatment plants are performed through a service level agreement by Water Solutions South Africa. The administration and finances are performed through an SLA by Batseta and all the engineering related functions are performed through SLA by Rustenburg Consulting Consortium. (RCC).

The report takes account of the Treasury Guidelines entitled “Framework for Managing Programme Performance Information” dated May 2007 (ISBN:- 978-0-621-37152-9), and the Trust is committed to giving effect to these.

In this report the performance is measured against the Key Performance Indicators (KPI's), which complies with the above mentioned Treasury Guidelines.

To further elaborate on this statement the selected KPI's, as judged against the Treasury Guidelines, are clearly suitable, as indicated below:-

- a) **Reliable:** In a treatment plant there are two types of criteria which determine the proper operation of the plant. The first types of criteria are those required by

legislation, and the second types are used as indicators of deficiencies in the process which could affect the achievement of the first type of indicators. The selected KPI's address both types of criteria, and will tell the operator where he has to change his operation in order to reach the required criteria.

- b) **Well-defined:** There is absolutely no ambiguity in the selected KPI's. The criteria are defined by legislation and are clear, precise and clearly understood by those in the industry.
- c) **Verifiable:** The criteria can be determined exactly through chemical and biochemical analysis using testing methods prescribed by National Standards and Legislation
- d) **Cost-effective:** Although the achievement of the required targets is crucial to the extent that cost-effectiveness does not really come into the picture, the analyses are generally cheap.
- e) **Appropriate:** The suitability of the KPI's is directly linked with the requirements of legislation and cannot be ignored.
- f) **Relevant:** There is no question about the relevance of the KPI's. If the KPI's have been achieved, then the strategic goals and objectives have been realised.

The performance targets for each KPI are aligned with the **SMART** approach proposed in the Treasury Guidelines, as follows:-

- **Specific:** The target for each KPI is very specific because it is values prescribed by legislation.
- **Measurable:** The criteria can be determined exactly through chemical and biochemical analysis using testing methods prescribed by National Standards and Legislation
- **Achievable:** the targets are not always achievable at all the plants, given the circumstances at the relevant plants. The targets are however determined by law, and cannot be changed. The only consideration with under-achievements is that it can be justified with proper reasons, which reasons can then be addressed
- **Relevant:** the required performance is linked to the requirements of legislation.
- **Time-bound:** the operation is on-going, and the measurements are done on a monthly basis, as determined by legislation. There is no other link to time.

It is the intention in the report below to confirm all the above aspects for each separate plant specifically and for the whole operation in general.

2. SERVICE PROVIDERS

2.1) Plant Operators

The plant operators are responsible for the day to day operations and maintenance of the 6 different plants under the hospice of the Rustenburg Water Service Trust. Water and Sanitation Services South Africa (Pty) Ltd, trading as Water Solutions Southern Africa (WSSA) is the current contracted operator, following an open competitive tender process which culminated in a contract that commenced on 1 September 2014. The current contract is a three-year contract

which will conclude on 30 August 2017. The Trust granted a 6 month extension, followed by another 6 month extension, in order to finalise the tender process. The contract is currently extended on a month to month basis until a new service provider is procured through the SCM policy of the RWST and a 3 month handover process is completed. RLM is in process of appointing new representatives to the board of Trustees.

The performance of the operators is of utmost importance as the quantity and quality of treated water will result in positive cash flow for the Trust. On the other hand, the lack of proper quality and quantity water will result in financial misfortunes for the entity, as they need to repay the R270 million borrowed from ABSA.

The operator's performance review therefor centres on agreed and signed KPI's which, if achieved will result in a healthy positive financial position of the Trust.

2.2) Trust Administrator

The Trust Administrator is responsible for the financial conduct and performance of the Trust. The financial health and loan repayment ability are crucial for the Trust. For this purpose, the financiers put certain covenants in place for the Trust to achieve. In terms of the Loan Agreement between the Trust and ABSA, the Trust needs to at all times achieve a Debt Service Cover Ratio of not less than 1,5 times. In practice this means, Earnings before interest, tax and depreciation (including reserves), divided by instalments to financial institutions. In terms of the loan agreement this need to be measured 2x per annum. This function is performed in terms of an SLA after a tender process was followed in 2014 and Batseta was appointed. In terms of the tender the service provider has to appoint a Chartered Accountant to perform the functions and act as the accounting officer of the Trust.

The current contract is a three-year contract which will conclude on 31 July 2017. The Trust granted a 6 month extension, followed by another 6 month extension, in order to finalise the tender process. The contract is currently extended on a month to month basis until a new service provider is procured through the SCM policy of the RWST and a 3 month handover process is completed. RLM is in process of appointing new representatives to the board of Trustees.

2.3) Professional Service Providers (RCC)

The Professional Service Provider is an engineering firm and they are responsible for contract management over the Operation and Maintenance contract. They analyse and interpret the lab results and further monitors and measure the performance of the Operators against the predetermined key performance areas.

3. BUSINESS PLAN

The Trust prepares an annual business plan. The plan is an indication of what business will be conducted by the Trust in the next financial year. It further details the performance management requirements of the RWST. The business plan will be in line and cannot deviate from the object and scope of the Trust as was outlined in the Trust Deed. The annual budget forms part of the business plan of the Trust. This plan is displayed and approved by the Trustees on an annual basis.

Trust Objective

The Trust Deed defines the objectives and purpose of the Trust as follows:

- A) Procure the design, construction, implementation and Operations and Maintenance of the water and waste water treatment plants in the most cost effective manner and for the purposes of maximizing the Trust income to be distributed to the beneficiary, being the Rustenburg Local Municipality, and
- B) Provide potable water to RLM in accordance with the Water Supply Agreement, and
- C) Supply treated water to the industrial water off takers in terms of the Off Take Agreements.

4. PERFORMANCE MANAGEMENT

The custodian of water in South Africa is the Department of Water Affairs (DWA), who has introduced a robust Water Services Regulation Strategy for the water sector. It clarifies the requirements and obligations placed on Water Services Institutions, thereby protecting consumers from potentially unsustainable and unsafe services. A regulation programme was conceived within the Department of Water Affairs as a means to identify, reward, ensure and encourage excellence in waste water management. The concept was defined by two programmes: The Blue Drop Certification Programme for Drinking Water Quality Management Regulation; and the Green Drop Certification Programme for Wastewater Quality Management Regulation. These Certification incentive-based regulations seek to identify and develop the core competencies required for the sector that, if strengthened, will gradually and sustainably improve the level of water- and wastewater management in South Africa

Being a Management tool specifically developed for the water sector, and used to improve performance in that sector, it was used as a guide in drawing up the KPA's for the contract. The KPA's were therefore developed around these regulations.

5. OPERATIONAL PERFORMANCE MEASUREMENT – KPI's

The quality performance on a treatment plant is measured against chemical and biochemical parameters, and the interpretation thereof. In the case of the Rustenburg Plants sampling is done at various points on all the plants on a daily, weekly and monthly basis, and these are tested for various determinants. The results of these analyses are contained in monthly reports submitted by the operator, and evaluated by specialists to determine whether the plants are

operated to acceptable standards. In addition, the daily tests are used by the operator to do adjustments to the process in order to sustain the quality of the final product. These reports have to be submitted in accordance with specific timelines and these are incorporated in the KPA's

Each plant will be measured, evaluated and reported on separately, apart from the generic and general requirements, which are measured separately. When performance is then measured, you will have the generic evaluation and measurement and then the plant specific performance.

Operational meetings are held every month between officials from the Plant Operator, the Sludge Handling Operator, the Trust and the Rustenburg Local Municipality. At these meetings these monthly reports are discussed amongst others, and various adjustments are considered to improve performance. Other reports which are submitted on a monthly basis contain record of the repairs, refurbishments and reinstatements carried out on all the plants during the previous month.

A. Rustenburg WWTW

Anglo Platinum Quality Standards - DAF

PARAMETER	UNIT	CONTRACTED QUALITY		
		REQUIRED	MAXIMUM	REJECT
pH	pH Units	7.5 - 7.8	6.8 Min.	8.2 Max.
TOC	mg/l	< 15	20	25
COD	mg/l	50	60	> 75
TSS	mg/l	<5	8	> 10
Alkalinity	mg/l	< 150	< 300	> 350
Ammonia	mg/l	2	5	> 10
Nitrate	mg/l	5	10	> 15
O-Phosphate	mg/l	< 5	9	> 10
Fats	mg/l	< 3	4	> 5
TDS	mg/l	650 (100µS/m)	1800 (150µS/m)	2000 (200µS/m)
Ca	mg/l	0 - 350	350	400
Mg	mg/l	0 - 75	75	100
Na	mg/l	0 - 150	150	400

SO ₄	mg/l	0 - 200	200	300
Cl	mg/l	0 - 450	450	500
Turbidity	NTU	0 - 10	10	15
E. coli	CFU/100ml	0	0	1000
Total Plate Count	CFU/100ml	0 - 1000	1000	10000

Rustenburg Sewage Treatment Plant (DWS license)

Determinant	Performance standard
<ul style="list-style-type: none"> pH Elec. Conductivity COD Ammonia Nitrate Suspended Solids E-coli Free Chlorine 	<ul style="list-style-type: none"> 6.5 - 8.5 <150mS/m < 75 mg/ℓ <1 mg/ℓ < 6 mg/ℓ < 10 mg/ℓ 0/100mℓ < 0.2 mg/ℓ

B. Bospoort and Kloof WTW (Potable Water)

Performance Measurement at Bospoort and Kloof water Treatment Plant

Key performance indicator	Target
Production from the plant must be equal to design capacity of 12 MI/d	Production to be 90% or more of the design capacity
Water Quality to comply with SANS 241	100% Compliance

SANS 241 Determinant	Performance standard
• Colour Pt-Co	• <15
• Treated Conductivity (mSm)	• <170mS/m
• TDS	• <1200 mg/ℓ
• pH	• >5.0 <9.7 pH Units

• Turbidity NTU	• <1 mg/ℓ
• Calcium (mg/l)	• <150 mg/ℓ
• Faecal Coliform	• <0 mℓ
• Chloride (mg/l)	• <300 mg/ℓ
• Fluoride (mg/l)	• <1.5 mg/ℓ
• Magnesium (mg/l)	• <70 mg/ℓ
• Sulphate (mg/l)	• <250 mg/ℓ
• Heterotrophic Plate Count cfu/1ml	• <1000 cfu/1mℓ
• Total Coliform cfu/100ml	• <10 cfu/1m ℓ
• Free Chlorine (mg/l)	• <5 mg/ℓ

C. Boitekong waste water treatment plant, Monakato waste water treatment plant and Lethabong waste water treatment plant.

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

6. PERFORMANCE VERIFICATION

All meter readings, on-site tests, and other on-site determinants are checked and verified by agents of the Trust. Sampling carried out at the four plants are analysed by the Operator in their own laboratories, and the same tests are performed by independent external laboratories for verification. Records are kept of all invoices payment advices etc. relevant to repairs and refurbishment, and these are checked on a regular basis. Progress on work carried out in terms of the license requirements are monitored continuously.

7. FINANCIAL PERFORMANCE MEASUREMENT

Financial performance is measured on a monthly basis as part of the financial management reporting function.

In terms of the loan agreement entered with the financiers, the financial health of the RWST is enforced through a KPI called a “debt service ratio covenant” which have to be calculated 2x per year.

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

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

This KPI ratio is set at 1,5 times and should be achieved at the measuring intervals.

APPENDIX A: COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

The following table depicts all councillors in the Municipal Council, the political parties they represent, their 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
Ackermann L	DA	PR	0	1	20	1
Babe N B	ANC	PR	10	10	20	20
Bothomane P	F4SD	PR	9	10	20	19
Chauke O R	DA	PR	5	5	20	10
Coetzee M	DA	WARD 17	9	10	20	19
Damoyi M	ANC	WARD 40	10	9	20	19
Du Plessis G E	DA	WARD 14	8	9	20	17
Edwards I	DA	WARD 42	9	9	20	18
Fetimani E M	EFF	PR	9	6	20	15
Gegula D	ANC	WARD 34	10	10	20	20
Habi A S	ANC	WARD 2	10	10	20	20
Jikeka P	EFF	WARD 38	8	5	20	13
Jongela S	ANC	WARS 33	10	9	20	19
Kgaladi P	ANC	PR	10	9	20	19
Kombe O J	BCM	PR	10	10	20	20
Khunou M E	ANC	PR	10	10	20	20
Kwanaite A M	EFF	PR	8	4	20	12
Ledwaba B D	F4SD	PR	5	6	20	11
Legopelo J B	EFF	PR	9	6	20	15
Lekoro B F	ANC	PR	10	10	20	20
Letlape S L	ANC	WARD 26	7	7	20	14
Huma S K	ANC	PR	10	10	20	20
Mafoko S D	ANC	WARD 29	10	10	20	20
Magadla E B	EFF	PR	10	5	20	15
Majolo W L	EFF	PR	10	5	20	15
Makhaula V N	ANC	WARD 23	10	10	20	20
Malan P A	DA	PR	10	6	20	16
Malinga M	ANC	WARD 9	9	9	20	18
Malla A D	ANC	WARD 1	9	9	20	18
Masilo T I	ANC	WARD 5	10	9	20	20
Mashishi -Ntsime J I	ANC	PR	10	10	20	20
Masondo N G	UDM	PR	4	5	20	9
Mataboge A L	ANC	PR	9	9	20	18
Mataboge G M	EFF	PR	10	7	20	17
Matlhoko A M	EFF	PR	9	7	20	16
Megalanyane S T	ANC	WARD 43	10	9	20	19
Mhlungu S B M	ANC	PR	10	10	20	20
Miny C	DA	WARD 15	9	9	20	18
Mjekula E N	ANC	WARD 21	10	9	20	19

Councillor	Political Representation	Ward or Proportional Representation	Council Meetings		Attendance of each Councillor	
			Ordinary	Special	Total no of meetings	No. of meetings attended
Mmolotsi C N	DA	PR	10	9	20	19
Mnisi A B P	F4SD	PR	10	6	20	16
Mnisi A L	EFF	PR	9	6	20	15
Mntombi S P	EFF	WARD 32	9	5	20	14
Moatshe F S	ANC	WARD 10	10	9	20	19
Mohube M	DA	PR	9	6	20	15
Mokgatle O	ANC	WARD 7	10	10	20	20
Mokhukhwane M	EFF	PR	0	0	0	0
That it be noted that Cllr Mokhukhwane M passed on in January 2017 and she served at BTO, DCS & Planning and she attended all the November meetings. She was replaced by Clr KG Moleme						
Mokotedi K G	ANC	WARD 11	10	9	20	19
Mokwele L P	ANC	WARD 13	10	9	20	19
Molatlhegi P R	EFF	WARD 28	7	5	20	12
Moleme K G	EFF	PR	8	5	20	13
Molotsane D M	EFF	WARD 45	4	4	20	8
Molubi J N	ANC	WARD 31	10	9	20	19
Monageng V N	ANC	WARD 30	9	10	20	19
Monaise K I	EFF	PR	6	2	20	8
Morei K B	ANC	WARD 27	10	10	20	20
Mosoeu S M S	ANC	WARD 44	10	10	20	20
Motlhamme G S	EFF	WARD 24	10	6	20	16
Motshwane J	EFF	PR	7	5	20	12
Mpolokeng B J	EFF	PR	10	5	20	15
Mqanqeni N V	ANC	WARD 35	10	10	20	20
Mvula P	EFF	PR	5	2	20	7
Nel D	FFP	PR	9	7	20	16
Ngwato J D	ANC	WARD 12	10	10	20	20
Njikelane M	ANC	WARD 6	9	10	20	19
Nkgoang L I	ANC	WARD 8	10	10	20	20
Nkgwang V K	EFF	PR	6	6	20	12
Nkosi L M	EFF	PR	8	5	20	13
Nongqoqo M I	ANC	WARD 37	10	10	20	20
Pelesi K L	ANC	WARD 22	10	10	20	20
Phillips C	DA	WARD 16	10	10	20	20
It be noted that Cllr Vosloo J M resigned as a Councilor and was replaced by Councilor Lerm M who started attending Council sittings from June 2018 .						
Radebe M W	EFF	PR	8	6	20	14
Rantho M R	ANC	WARD 3	10	10	20	20
Seleka A	ANC	WARD 20	10	10	20	20
Septhai J L	ANC	WARD 4	9	9	20	18
Setshoane F L	EFF	PR	5	5	20	10
Sikwane C K	EFF	PR	8	7	20	15
Snyders L B	DA	PR	8	10	20	18
Tjie P	EFF	PR	9	4	20	13
Tlhapi P A	ANC	WARD 25	10	9	20	19

Councillor	Political Representation	Ward or Proportional Representation	Council Meetings		Attendance of each Councillor	
			Ordinary	Special	Total no of meetings	No. of meetings attended
Tsamai A	DA	PR	9	9	20	18
Tshabalala T E	ANC	WARD 19	10	9	20	19
Tsienyane P	ANC	WARD 36	10	10	20	20
Venter P A G	DA	PR	10	9	20	19
Vosloo J M	DA	WARD 18	5	2	20	7
Webster N	F4SD	PR	7	5	20	12
Wolf J	ANC	WARD 39	10	8	20	18
Wolmarans S D	ANC	PR	9	5	20	14
Xatasi N	AIC	PR	10	9	20	19
Xhinela	ANC	WARD 41	10	8	20	18
Lerm M	DA		1	2	3	3

APPENDIX B: COMMITTEES AND COMMITTEE PURPOSE

Section 79 Committees JULY 2017 to June 2018

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	Cllr Mabale-Huma S S K	5	3
			Cllr Du Plessis G J	5	5
			Cllr Habi A S	5	3
			Cllr Ledwaba-Kabelo B D	5	1
			Cllr Legopelo J B	5	3
			Cllr Mafoko S D	5	3
			Cllr Masondo N	5	1
			Cllr Mataboge A L	5	4
			Cllr Motshwane J	5	3
			Cllr Njikelane M	5	4
			Cllr Setshoane F	2	2
			Cllr Sikwane C K	5	4
			Cllr Snyders L	5	4
				Cllr Webster N	5
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	Mr. Tshimomola R	4	3
			Mr. Masudubele P	4	2
			Mr. Khumalo X	4	0
			Mr. Ngobeni A B	4	1
			Ms Taylor	4	0
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	Cllr Mafoko S D	7	7
			Cllr Motshwane J	7	2
			Cllr Babe N	7	6
			Cllr Letlape S M	7	2
			Cllr Rantho M R	7	4
			Cllr Snyders L B	7	3
4.	Municipal Public Accounts Committee	To provide oversight over the executive obligations of Council and administration	Cllr Nel D W	4	4
			Cllr Ackermann L	4	0
			Cllr Bothomane P	4	2
			Cllr Kwanaite	4	2
			Cllr Letlape M	4	2
			Cllr Moatshe F S	4	0
			Cllr Molatlhegi R P	4	0
			Cllr Monaise K I	4	1
			Cllr Njikelane M	4	2
			Cllr Omarjee M	4	3
			Cllr Sephai J L	4	1
			Cllr Tsamai A	4	3
			Cllr Tlhapi P A	4	3
			Cllr Xhanela	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
5	Municipal Planning Tribunal		Ms Nkosi Z P	6	6
			Mr. Nysschen J M	6	5
			Mr. Majang T	6	2
6	Mayoral Committee		Cllr Khunou M	7	7
			Cllr Babe N	7	7
			Clr Kgaladi L.P	7	6
			Cllr Lekoro B F	7	7
			Cllr Kombe O J	7	6
			Cllr Makhaula V N	7	5
			Cllr Mhlungu SBM	7	7
			Cllr Mashishi-Ntsime J I	7	5
			Cllr Molubi J N	7	4
			Cllr Wolmarans S	7	4
			Cllr Xatasi N S	7	4

Section 80 Committees

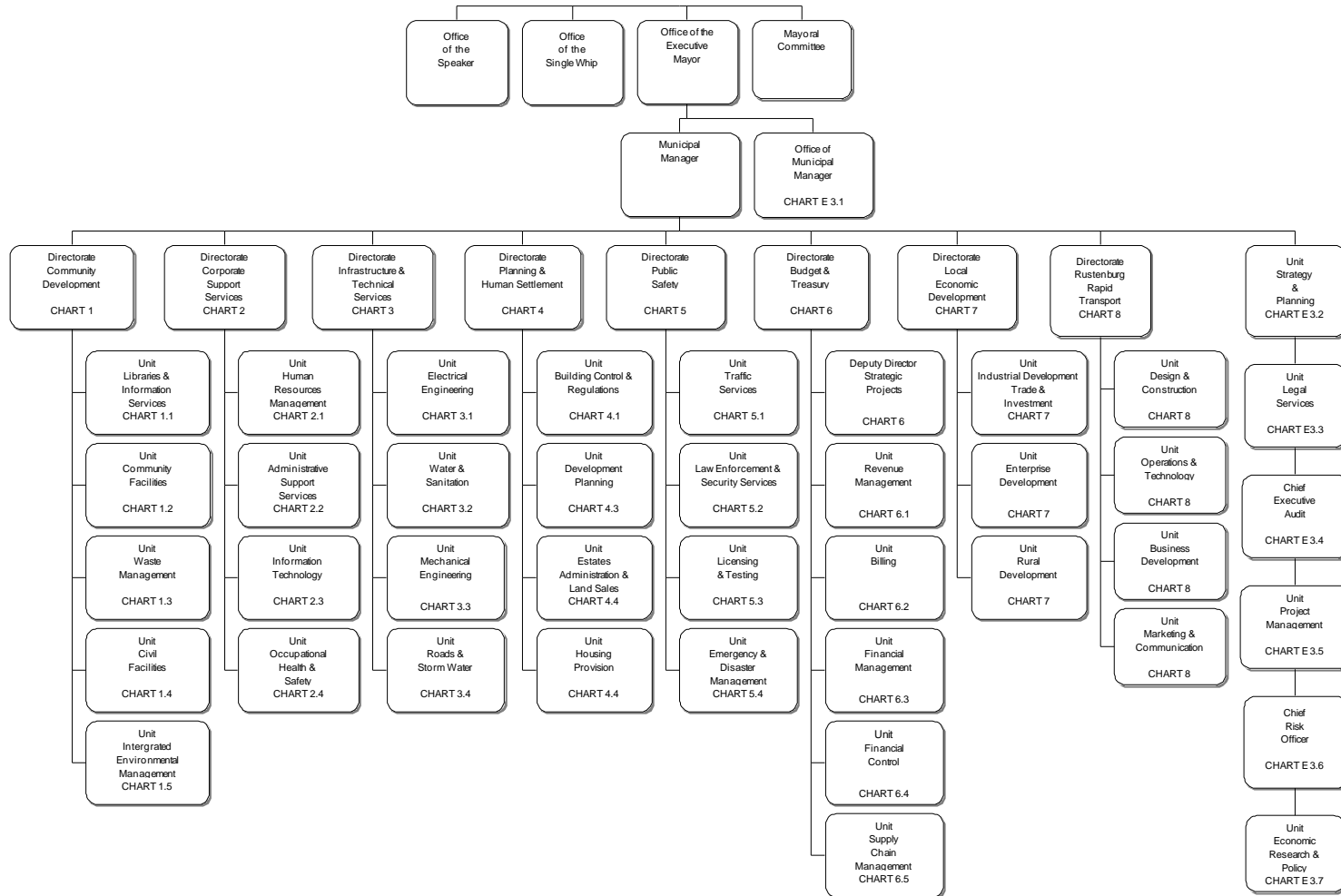
No.	Name of Committee	Purpose of Committee	Names of Councillors Serving on the Committee	Attendance of each Councillor	
				Total no of meetings held	No. of meetings attended
1.	Budget & Treasury	Provide portfolio responsibilities on issues of income, expenditure, budgeting, risk management and auditing	Cllr Lekoro B F	7	6
			Cllr Chauke O R	7	2
			Cllr Malan P	7	5
			Cllr Mokwele L P	7	7
			Cllr Moleme K G	7	3
			Cllr Monageng V N	7	6
			Cllr Mokotedi K G	7	5
			Cllr Matlhoko A M	7	6
			Cllr Phillips C	7	7
			Cllr Legopelo B	7	4
			Cllr Tsienyane P	7	3
			Cllr Wolmarans S	7	1
Cllr Wolf J	7	2			
2.	Corporate Support Services	Provide portfolio responsibilities on issues of human resources, administration and information and technology	Cllr Babe N BB	5	4
			Cllr Gegula D	5	3
			Cllr Mafoko D S	5	2
			Cllr Mohube M M	5	4
			Cllr Majola W L	5	3
			Cllr Mokgatle O O	5	3
			Cllr Matlhoko A M	5	5
			Cllr Mmolotsi C N	5	4
			Cllr Moleme K G	5	3
			Cllr Nkgoang L I	5	4
			Cllr Tshabalala T E	5	3
			Cllr Snyder L B	5	1
3.	Community Development	Provide portfolio responsibilities on issues of	Cllr Xatasi N S	5	5
			Cllr Coetsee M	5	4

		health services, community facilities and library and information management.	Cllr Magadla B E	5	2
			Cllr Malla A D	5	3
			Cllr Masilo T I	5	2
			Cllr Masondo N	5	3
			Cllr Mjekula E N	5	3
			Cllr Mmolotsi C N	5	4
			Cllr Mqanqeni V N	5	4
			Cllr Pelesi K L	5	3
			Cllr Phillips C	5	4
			Cllr Radebe W M	5	2
			Cllr Seleke A	5	4
4.	Technical and Infrastructure Services	Provide portfolio responsibilities on issues of electricity, water and sanitation, waste management, roads and stormwater and mechanical engineering	Cllr Kgaladi	7	7
			Cllr Du Plessis G J	7	6
			Cllr Coetzee M	7	6
			Cllr Makhaula V N	7	2
			Cllr Megalanyane S T	7	7
			Cllr Motlhamme S G	7	6
			Cllr Mnisi A B P	7	3
			Cllr Morei K B	7	6
			Cllr Mosoeu S M S	7	5
			Cllr Motshwane J	7	5
			Cllr Nkgwang K	7	2
			Cllr Tshabalala T E	7	7
			Cllr Rantho M R	7	5
			Cllr Seleka A	7	2
			Cllr Vosloo J M	7	3
5.	IDP, Performance Management, Legal & Valuation	Provide portfolio responsibilities on issues of IDP, performance management, legal and valuations and internal auditing	Cllr Wolmarans S	4	4
			Cllr Chauke O R	4	1
			Cllr Fetmani E	4	4
			Cllr Legopelo J B	4	2
			Cllr Malan P	4	2
			Cllr Masilo T I	4	4
			Cllr Mhlungu S B M	4	0
			Cllr Miny C	4	4
			Cllr Mnisi A B P	4	1
			Cllr Mokwele L P	3	3
			Cllr Monageng V N	4	4
			Cllr Morei K B	4	3
			Cllr Motlhamme S G	4	4
			Cllr Ngwato J D	4	4
			Cllr Nongqonqo M I	4	2
				4	3
6.	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	Cllr Kombe O J		
			Cllr Damoyi M	6	5
			Cllr Edwards I	6	4
			Cllr Makhaula V N	6	6
			Cllr Malinga M	6	1
			Cllr Mafoko S D	6	0
			Cllr Megalanyane S T	6	3
			Cllr Mnisi A P B	6	5
			Cllr Mokotedi J	6	2
			Cllr Miny C	6	3
			Cllr Molotsane D M	6	6
			Cllr Mpolokeng J B	6	3
			Cllr Nkgoang L I	6	4

			Cllr Setshoane F L	6	6
			Cllr Venter P A G	6	4
7.	Planning, Human Settlement & Transport	Provide portfolio responsibilities on issues of environmental management, housing provision, building control, development planning and estates administration	Cllr Makhaula V N	6	6
			Cllr Edwards I	8	
			Cllr Gegula D		7
			Cllr Habi S A	8	8
			Cllr Jongela S	8	8
			Cllr Kombe O J	8	8
			Cllr Ledwaba-Kabelo B	8	4
			Cllr Mvula P	8	0
			Cllr Mohube M M	8	1
			Cllr Mokgatle O O	8	6
			Cllr Moleme K G	8	5
			Cllr Mntombi P S	8	6
			Cllr Motshwane J	8	4
			Cllr Pelesi K L	8	3
			Cllr Vosloo J M	8	4
Cllr Wolmarans S D	8	2			
8	Public Safety	Provide portfolio responsibilities on issues of emergency, disaster management, road traffic management and by-law enforcement	Cllr Mhlungu S B M	8	0
			Cllr Du Plessis G J	4	2
			Cllr Mafoko S D	5	3
			Cllr Malinga M	5	5
			Cllr Matlhoko A M	5	0
			Cllr Mjekula E N	5	3
			Cllr Mntombi P S	5	2
			Cllr Mqanqeni V N	5	3
			Cllr Nkosi L M	5	3
			Cllr Snyders L B	5	2
			Cllr Tshabalala T E	5	3
			Cllr Tsienyane P	5	4
			Cllr Venter P A G	5	1
No. 9	Name of Committee IGR, Youth, Children and People living with Disability	Purpose of Committee: Provide portfolio responsibilities on issues of Inter-Governmental Relations, Youth, Children and People Living with Disabilities	Names of Councillors Serving in The Committee	5	4
			Cllr Molubi J N	3	0
			Cllr Chauke O R	1	1
			Cllr Damoyi M		
			Cllr Jikeka P		2
			Cllr Jongela S	2	1
			Cllr Ledwaba-Kabelo B	2	
			Cllr Mafoko S D	2	
			Cllr Magadla B E	2	
			Cllr Malla A D	2	0
			Cllr Mmolotsi C N	2	1
			Cllr Mosoeu S M S	2	0
			Cllr Phillips C	2	1
			Cllr Rantho M R	2	1
			Cllr Sikwane KC	2	1
			Cllr Tjie P	2	1
			Cllr Tsienyane P	2	1
				2	2
				2	1
				2	1

No. 10	Name of Committee Roads and Transport Services	Purpose of Committee: Provide portfolio responsibilities on issues of Road Transport service	Names of Councillors serving on the Committee	Attendance of each Councillor	
				Total No. of meetings held	No. of meetings attended
			Cllr Mashishi-Ntsime J	5	5
			Cllr Coetsee M	5	5
			Cllr Edwards I	5	4
			Cllr Malinga M	5	1
			Cllr Mataboge G M	5	3
			Cllr Miny C	5	5
			Cllr Mnisi A P B	5	2
			Cllr Mokotedi K G	5	4
			Cllr Mpolokeng J B	5	2
			Cllr Mqanqeni V N	5	4
			Cllr Ngwato J D	5	4
			Cllr Nongqonqo M I	5	4
			Cllr Pelesi K L	5	3
			Cllr Setshoane F L	5	1
			Cllr Wolf J	5	3
No. 11	Name of Committee IDP & Budget Steering Committee	Purpose of Committee: Provide portfolio responsibilities on issue on IDP and Municipal financial management	Names of Councillors serving on the Committee	Attendance of each Councillor	
				Total No. of meetings held	No. of meetings attended
			Cllr Khunou M	2	1
			Cllr Babe N B	2	0
			Cllr Makhaula V	2	1
			Cllr Mashishi-Ntsime J	2	2
			Cllr Kgaladi P	2	1
			Cllr Lekoro B F	2	1
			Cllr Molubi J N	2	0
			Cllr Mhlungu S B M	2	1
			Cllr Kombe O	2	1
			Cllr Wolmarans S D	2	0
			Cllr Xatasi N	2	1

APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE (INCLUDING MUNICIPAL ENTITY)



APPENDIX D: FUNCTIONS OF THE MUNICIPALITY

POWERS AND FUNCTIONS ALLOCATED TO RUSTENBURG LOCAL MUNICIPALITY

POWERS AND FUNCTIONS	DESCRIPTION	Performed/ Not Performed
Air Pollution	Management of the air quality that affects human health.	P
Building Regulations	Regulations through by-laws that provide for approval of building plans, building inspections and control of operations and enforcement of contraventions of building regulations.	P
Child Care Facilities	Facilities for early childhood care and development which fall outside the competence of national and provincial government.	NP
Electricity Reticulation	Bulk supply of electricity which includes for the purposes of supply, transmission, distribution and where applicable generation of electricity to areas where the municipality has been providing this services prior to authorisation.	P
Fire Fighting Services	Planning, coordination and regulation of fire services.	P
Local Tourism	Promotion, marketing and development of tourist attraction within the municipal area in order to grow the local economy.	P
Municipal Airport	A demarcated area on land or water or a building which is used for the arrival or departure of aircraft.	NP
Municipal Planning	Compilation and implementation of integrated development plan.	P
Municipal Public Transport (only with regard to taxis)	The regulation and control of services for the carriage of passengers.	P
Storm Water Management Systems	Management of systems to deal with storm water in built-up areas	P
Trading Regulations	Regulation of any area or facility dealing with trade in goods or services.	P
Water	Establishment, operation, management and regulation of a potable water supply system, including the services and infrastructure required.	P
Sanitation	Establishment, operation, management and regulation of a potable water supply system, including the services and infrastructure required.	P
Amusement Facilities	Management and control of a public places for entertainment.	NP
Billboards and Display of Advertisement in Public Places	Display of written or visual descriptive material which promotes the sale and encourages the use of goods and services found in streets, roads, etc.	P
Cemeteries, Funeral Parlours and Crematoria	Establishment, conduct and control of facilities for the purpose of disposing of human and animal remains.	P
Control of Public Nuisance	Cleaning of public streets, roads, and other public spaces.	P

POWERS AND FUNCTIONS	DESCRIPTION	Performed/ Not Performed
Control of Undertakings that sell Liquor to the Public	Includes inspection service to monitor liquor outlets for compliance to license requirements.	NP
Facilities for the accommodation, Care and Burial of Animals	Control and monitoring of facilities which provide care for the animals and their burial or cremation	NP
Fencing and Fences	Provision and maintenance or regulation of any boundary or deterrents to animals and pedestrians along a street or road.	NP
Licensing of Dogs	Control over the number and health status of dogs through a licensing mechanism.	NP
Licensing and control of Undertakings that sell Food to the Public	Maintenance of environmental health standards through regulation, licensing and monitoring of any place that supply refreshments or food for consumption to the public.	P
Local Amenities	Provision, maintenance and control of any municipal land or building reserved for the protection of places or scenic objects, historical and cultural value or interest.	P
Local Sport Facilities	Provision, management and control of any sport facility within the municipal area.	P
Markets	Establishment operation or management of markets other than fresh produce markets.	NP
Municipal Abattoirs	Establishment, conduct and control of facilities for the slaughtering of livestock.	NP
Municipal Parks and Recreation	Provision, management and control of any land or gardens set aside for recreation, sightseeing and or tourism.	P
Municipal Roads	Construction, maintenance and control of a roads.	P
Noise Pollution	Control and monitoring of any noise that might affect human health or wellbeing.	P
Pounds	The provision, management and maintenance of a facility set aside for securing animals confiscated by the municipality.	P
Public Places	Management, maintenance and control of any land or facility for public use.	P
Refuse Removal, Refuse Dumps and Solid Waste Disposal	Removal of any household or other waste and the disposal of such waste in an area.	P
Street Trading	Control, regulation and monitoring of eth selling of goods and services along public pavement or road reserve.	P
Street Lighting	Provision and maintenance of lighting for illuminating of streets.	P
Traffic and Parking	Management and regulation of traffic and parking within the area of the municipality.	P
Municipal Public Works	Any supporting infrastructure or services to empower a municipality to perform its functions.	P
Cleansing	Cleaning of public places.	P

APPENDIX E: WARD REPORTING

WARD COMMITTEES ROLES 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 the 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

CHALLENGES EXPERIENCED AND MEASURES TAKEN TO ADDRESS THEM

Ward	Challenges	Remedial Measures
1 – 45	Functions of ward committees vs other structures in the ward	Capacity building program developed and has been roll out.
	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
	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

APPENDIX F: WARD INFORMATION

Project Location: Ward	Area	Project Title	Allocated Funds	Project Status	Expected Completion Date
1	Phatsima	Phatsima Library Extension	591 215.00	In Progress	May-19
1	Boshoek	Acquisition of land in Boshoek	R5 000 000.00	In Progress	Jun-19
1,16,29,30,33,41	Phatsima, Rietvlei, Bethanie, Nkaneng	Drought Relief ((drilling of boreholes; storage and stands reticulation extension)	20 000 000.00	50%	Jun-19
2	Robega	Robega Internal Roads & Stormwater	800 000,00	Complete	Jun-18
2	Chaneng	Chaneng Internal Roads & Stormwater	2 550 000,00	Complete	Jun-18
2	Robega	Installation of High Mast Light in Robega	4 300 000.00	Complete	Complete
3	Luka	Luka(ward 3) Upgrading of Internal Roads		Design & Tender	Jan-20
4	Luka	Luka(ward 4) Upgrading of Internal Roads		Design & Tender	Jan-20
5	Phokeng	Phokeng Ward 5 Roads and Stormwater Upgrading	15 000 000,00	2%	Nov-19
6	Phokeng	Phokeng Ward 6 Roads and Stormwater Upgrading	15 000 000,00	2%	Nov-19
7,9,10 and 11	Tlhabane	Tlhabane AC Replacement (Replacement of old AC water pipes, valves and new metered house connections)	57 000 000.00	60% complete	Sep-19

Project Location: Ward	Area	Project Title	Allocated Funds	Project Status	Expected Completion Date
7,9,10 and 11	Tlhabane	Refurbishment of Bulk Line & Tlhabane Water AC replacement	37 801 357.00	Construction Stage	Jan-20
12	Meriting 4 & 5	Construction of 1590 housing units and installation of services at Meriting X4&5.	176 362 800.00	In Progress	
13	Rustenburg North	Rustenburg North AC Replacement of Water Reticulation and connections	23 600 000.00	5% Site Establishment	Oct-19
14	Rustenburg	Rustenburg Library Refurbishment	521 081.00	Complete	Complete
Ward 14,15,16,17	Rustenburg	Upgrading of the Western Bulk Sewer Lines	R16 054 528.00	Design & Tender	
18	East End	East End Library Extension	622 917.00	Complete	Complete
18,39,41	Meriting	Meriting Roads & Stormwater Ward 18 Phase 4	10 450 000,00	Complete	Jun-18
19	Boitekong	Phase 1	905 090.00	Complete	Complete
19	Boitekong	Surveying and Pegging of Portion 50	627 372.24	Complete	
19	Boitekong	Re-pegging and allocation of Portion 50	154 950.00	In Progress	Project not yet started due to weather
19	Boitekong	Phase 2	450 000.00	In Progress	Dec-19
19	Boitekong	Pegging of 417 Stands	2 01 5145.48	In Progress	Dec-19

Project Location: Ward	Area	Project Title	Allocated Funds	Project Status	Expected Completion Date
19	Boitekong	Boitekong Master Plan	450 00.00	In Progress	Dec-19
19 & 40	Paardekraal	Paardekraal Upgrading of stormwater Ward 19/40		Design & Tender	Jan-20
19,20,21, 22,23, 37,38,39,40,	Boitekong	Development of Boitekong Sports Facility	7 000 000.00	Complete	Complete
20,21	Boitekong	Formalisation of Boitekong 2 and 8	2 469 500.00	In Progress	Jun-20
20,21	Boitekong	Development of Boitekong Hawkers Stalls	20 000 000.00	Planning and Approval Stage	Jun-20
20,21,40	Boitekong	Boitekong ward 20		65%	Jun-19
20	Boitekong	Boitekong Ward 21		2%	Nov-19
20,21	Greater Boitekong	Upgrading of Bospoort WTW (Upgrading Plant from 12 ML to 24 ML	100 000 000.00	67% Civil complete and 5% Elec & Mech.	Jun-19
21	Boitekong	Boitekong Ward 22 Roads and Stormwater Drainage Phase 6	10 000 000,00	Design & Tender	Jan-20
22	Sunrise	Sunrise Park Upgrading of roads and stormwater	15 000 000,00	Design & Tender	Jan-20
22	Paardekraal	Acquisition of land in Paardekraal	R11 000 000.00	In Progress	Jun-19
22	Kanana	Roads in Kanana Phase II	800 000,00	Complete	Jun-18

Project Location: Ward	Area	Project Title	Allocated Funds	Project Status	Expected Completion Date
23	Freedom	Freedom Park Ward 24 Roads and Stormwater Drainage	1 500 000,00	Complete	Complete
23	Kanana	Installation of High in Kanana Phase	4 200 000.00	Complete	Complete
24	Freedom	Freedom Park Ward 24 Roads and Stormwater Drainage			
24	Freedom Park	Freedom Park Upgrading of Sewer Network			
24	Monnakato	Monnakato WWTW	10 400 000.00	98% complete	Jun-19
25	Tsitsing	Tsitsing Roads and Stormwater Drainage	1 952 482,00	Complete	Jun-18
26	Lethabong	Formalizing and Pegging	2 01 5145.48	In Progress	Dec-19
27,28	Lethabong	Construction of 1000 housing units at Lethabong ,	130 238 000.00	In Progress	Oct-19
27 & 28	Lethabong	Lethabong Internal Sewer Reticulation and Toilet Structures	33 000 000.00	34% complete	Oct-19
29	Rankelenyane	Rankelenyane: Installation of 2.0 MI steel tank, installation of 110mm diameter pipeline to reservoir and installation of 75mm diameter reticulation mains.	21 000 000.00	Complete	Complete
29	Tlapa	Tlapa, Mabitse, Rankelenyane & Maumong - Upgrading of Internal Road		5%	Dec-19
29	Marikana	Marikana Waste Transfer Station Construction	11 000 000.00	In Progress	

Project Location: Ward	Area	Project Title	Allocated Funds	Project Status	Expected Completion Date
30	Modikwe	Modikwe Households (108 electricity connections)	Eskom funded	Completed and energised	Completed and energised
30	Bethanie	Bethanie East & West Households (109 connections)	Eskom funded	Completed and energised	Completed and energised
31	Marikana	Marikana Roads & Stormwater Drainage Phase 5	10 000 000,00	5%	Dec-19
31	Marikana	Acquisition of land in Marikana	Not Yet Determined	Negotiations and finalization of agreement	Jun-20
31,32	Marikana	Upgrading of Marikana Outfall Sewer and Pump Station Upgrade	11 200 000.00	Procurement 10%	Jun-20
32	Mathopestad	Mathopestad Upgrading of Internal Roads	8 000 000,00	65%	Jun-19
34	Mathopestad	Mathopestad Phase 03: Installing ESKOM supply power point, Erection of a 323kl storage steel tank, laying of the rising main between boreholes and the steel tank, laying of the pipeline from the new tank connecting to the existing reticulation,	10 000 000.00	Complete	Complete
34	Bokamoso	Construction of 1600 housing units at Bokamoso .	174 300 000.00	In Progress	Sep-19
36	Dinnie Estate	Dinnie Estate Households (Electrification of 550 Connections)	10 000 000.00	Appointment letter of consultant	Jun-19

Project Location: Ward	Area	Project Title	Allocated Funds	Project Status	Expected Completion Date
36	Cyverfontein	Cyverfontein Households (382 connections)	Eskom funded	Completed and energised	Completed and energised
40	Seraleng	Seraleng Upgrading of Sewer Network			
41	Rustenburg	Development of Rustenburg Flea Market	15 000 000.00	In Progress	Jun-July 2019
41	Seraleng	Seraleng Households (Electrification of 648 Connections)	15 100 100.00	Contractor commencing.	Jun-19
42	Seraleng	Construction of 557 housing units at Seraleng ,for people relocated from Tlhabane Yizo Yizo informal settlements	71 067 100.86	Complete	Complete
43	Dinnie Estate	Construction of 490 housing units at Dinie Estate	23 535 680.00	In Progress	Dec-19
44	Mosenthal/Ikageng	installation of High Mast Light in Mosenthal/ Ikageng	3 200 000.00	Complete	Complete
All Wards under Eskom	Rustenburg	Rustenburg LM Infills (339 connections)	Eskom funded	Completed and energised	Completed and energised
All Wards	All	Water Conservation and Water Demand Management (Water Conservation and Water Demand Management (Telemetry at the reservoirs; Bulk metering; Pressure Management; Community Outreach and Education)	25 000 000.00	95%	Jun-20
All Wards	All Wards	8 Electricity Network Upgrades	3 200 000.00	Consultant Appointment.	Jun-19

Project Location: Ward	Area	Project Title	Allocated Funds	Project Status	Expected Completion Date
All Wards	All Wards	Upgrade - Substations (Industries and Voltaire)	120 000 000.00	Application for DBSA Loan to be submitted in May 2019.	Jun-22

APPENDIX G: REPORT AND RECOMMENDATIONS OF THE MUNICIPAL PERFORMANCE AUDIT COMMITTEE

REPORT OF THE PERFORMANCE AUDIT COMMITTEE (PAC) OF THE RUSTENBURG LOCAL MUNICIPALITY

1. INTRODUCTION

The Performance Audit Committee (PAC) is an independent committee of the Rustenburg Local Municipality and its municipal entities and was established in terms of section 166(1) of the Local Government: Municipal Finance Management Act (MFMA), the Local Government: Municipal Planning and Performance Management Regulations and through a Council Resolution. This report reflects the work of the Committee for the reporting period ending the 30 June 2018.

2. LEGISLATIVE MANDATE

The PAC is constituted in terms of sections 166(1) and (2) and 166 (6) (b) of the Local Government: Municipal Finance Management Act, No. 56 of 2003 (MFMA). The PAC is an independent advisory body which must advise the municipal council, the political office bearers, the accounting officer, management and staff of the municipality and the municipal entity, on matters relating to:

- ✚ Internal financial control and internal audits;
- ✚ Risk management;
- ✚ Accounting policies;
- ✚ The adequacy, reliability and accuracy of financial reporting, records and information;
- ✚ Performance management;
- ✚ Effective governance;
- ✚ Compliance with the Municipal Finance Management Act, the Annual Division of Revenue Act and any other applicable legislation;
- ✚ Performance evaluation;
- ✚ Information and Communication Technology (ICT) and Human Resources governance; and
- ✚ Any other matter referred to it by the Municipality or its entity.

PAC must also:

- ✚ review the Annual Financial Statements to provide the Council of the municipality and the municipal entity, with an authoritative and credible view of the financial position of the municipality or municipal entity, its efficiency and effectiveness and its overall level of compliance

with the MFMA, Treasury Regulations, the Annual Division of Revenue Act and any other applicable legislation;

- ✚ respond to the Council on any issues raised by the Auditor General South Africa (AGSA) in the audit report;
- ✚ carry out such investigations into the financial affairs of the municipality or municipal entity as the council of the municipality, or in the case of a municipal entity, the council of the parent municipality or the board of directors of the entity, may request; and
- ✚ perform such other functions as may be prescribed by legislation.

3. TERMS OF REFERENCE AND EFFECTIVENESS

Besides the abovementioned legislation, the Performance Audit Committee functions as per its Terms of Reference (Charter), which Council approved as per Council Resolution.

The PAC conducted its affairs in compliance with this mandate and has discharged its roles and responsibilities accordingly. For the year under review, all members were considered competent and they contributed meaningfully to the evaluation and consideration of the various reports (including the Risk Management Committee Reports) submitted to it.

The Performance Audit Committee does not perform any management functions or any management responsibilities, as this could prejudice the objectivity of the Committee.

4. COMPOSITION, MEETINGS AND ATTENDANCE

Composition

All appointed members are external professionals, independent of the political and administrative structures of the Municipality and its entity. The PAC Charter requires a minimum of five members.

The Chairperson of the PAC, Mr. R Tshimomola resigned with immediate effect on 9 May 2018. Council appointed Advocate W. E. Huma as the Chairperson and also filled two vacant positions (Dr T Mawela and Ms Z Nkosi) as per Council resolution 153 dated 29 May 2018.

Meetings and Attendance

During the year under review, five (5) meetings were held for the municipality and its entity, as well as other meetings with the Standing Committee of Public Accounts (SCOPA), Municipal Manager, Internal Audit, and Senior Management. Various stakeholders such as the Auditor-General of South Africa (AGSA), National and Provincial Treasury were invited to all the meetings.

The table below shows the attendance of meetings by PAC members:

No.	MEMBER	ROLE	MEETINGS HELD	MEETINGS ATTENDED
1.	<i>R Tshimomola</i>	<i>Chairperson</i>	5	4 (<i>Resigned – 9 May 2018</i>)
2.	W.E Huma	Chairperson	5	5
3.	S Ngobeni	Member	5	4
4.	H Maritz	Member	5	5
5.	<i>G Taylor</i>	<i>Member</i>	5	1 (<i>Resigned – 20 September 2017</i>)
6.	<i>T Mawela</i>	<i>Member</i>	N/A	0 (<i>Appointed 29 May 2018</i>)
7.	<i>Z Nkosi</i>	<i>Member</i>	N/A	0 (<i>Appointed 29 May 2018</i>)

5. ROLES AND RESPONSIBILITIES

In line with the roles and responsibilities as set out in its Charter, the PAC is pleased to report as follows:

A. Effectiveness of Internal Controls

The systems of internal control are the legislated responsibility of the accounting officer and senior management as required by the MFMA. The PAC has overseen Internal Audit's reports on the effectiveness of the Municipality's systems of internal control, including internal financial controls. This internal audit reports formed the basis for the PAC's recommendations to Council which enabled Council to report thereon in the Municipality's Annual Report. As per the reports provided by Management, Internal Audit and the External Audit, the Committee is of the view that the Municipality's internal control environment requires serious and urgent improvement as some matters reported in prior reporting periods have not been addressed. Management gave assurance that corrective action will be implemented in respect of all internal control weaknesses highlighted and the Committee will continue to monitor these on a quarterly basis.

B. Compliance with Laws and Regulations

The Performance Audit Committee is responsible for overseeing processes and systems that are in place to give reasonable assurance that the Municipality complies with applicable laws and regulations.

Accountability for compliance with laws and regulations lies with the Council, whilst responsibility for ensuring compliance is delegated to management. Risk Management draws its mandate from section 62(1)(c)(i) of the Municipal Finance Management Act 56 of 2003, which requires that the municipality must maintain effective and transparent systems of financial and risk management and internal controls. King IV Report on Corporate Governance for South Africa, incorporates a supplement for Municipalities and sets out principles to be applied for corporate governance, risk, ethics and compliance with laws. Principle 13 specifically provides that Council should govern compliance with laws adopted, non-binding rules, codes and standards in a way that supports the municipality being ethical and a good corporate citizen.

It is imperative that the Municipality ensures compliance with laws and regulations as a minimum requirement to operate effectively and efficiently. The Municipality must develop the Compliance Framework and the system of internal control designed to assist with compliance with laws and regulations and reduce the risk of non-compliance, which may result in reputational damage, poor service delivery output, monetary loss and corruption.

The levels of compliance to legislation and regulatory prescripts is not satisfactory. The Performance Audit Committee is not satisfied with the progress made in the advancement of compliance maturity within the Municipality and its entity, especially in relation to the management of the Municipality's top 10 compliance risks, the development of compliance risk mitigation plans, training and awareness initiatives and the implementation of critical compliance requirements across directorates.

Continuous and on-going monitoring and reporting is in the process of being implemented to provide governance structures with the assurance that compliance is prioritised, non-compliance is detected, and critical high risk areas are escalated and attended to. Management and reporting of non-compliance will be prioritised during the year and will remain a critical pillar that will be monitored closely on a quarterly basis. Areas for improvement include legislative analysis and impact, internal audit monitoring and systems based reporting – these will be prioritised in the planning for the new financial year.

C. Performance Management

The Performance Audit Committee conducted a limited review of the Municipality's performance during the year due to late submission of quarterly reports by management to Internal Audit for auditing and review. The quality of the performance information reports submitted to the PAC by management was not satisfactory and requires serious and urgent and improvement.

There was no proper quality assurance process in place to ensure that the approved Key Performance Indicators (KPI) and targets are the same when reporting. The KPIs and targets were changed during the course of the year without complying with the legislative prescripts. The reported achievement by management were without supporting documentation or justification when being audited.

The PAC submitted quarterly reports to Council on its assessment of the Municipality's performance management system for 2017/18. The Committee was not satisfied with the Municipality's performance in terms of the Municipality's Integrated Development Plan (IDP), Service Delivery and Budget Implementation (SDBIP) targets. No action was taken to improve the Municipality's performance management framework through a comprehensive plan that focuses on addressing usefulness and reliability matters raised in the previous year. The PAC is concerned that budget allocation is not aligned to key performance indicators in the Municipal-wide SDBIP, which posed a challenge in matching performance and budget spending.

D. Internal Audit

The Performance Audit Committee evaluated the Performance of Internal Audit and noted the ongoing efforts to improve the function's ability to discharge its responsibilities. An internal Quality Assurance Review (QAR) was planned to be conducted by National Treasury during the year under review. However, it has not been completed at the end of the financial year.

The PAC supported efforts to enhance the function's capacity in 2017/18 and believes that this will contribute to more effective and responsive actions to address the Municipality's internal control challenges.

The Committee is satisfied with the work of Internal Audit and the conclusion is based on:

- Review of approved internal audit charter, operational plans, internal audit activities.
- Implementation of the approved annual internal audit plan.
- Non-existence of unjustified restrictions or limitations on work of the internal audit.
- Review of the internal audit budget, resource plan, staffing (including competence and qualifications), activities, and organizational structure of the internal audit function;
- Compliance with the IIA's International Standards for the Professional Practice by Internal Auditing Unit.

E. Risk Management

The Performance Audit Committee is responsible for overseeing the implementation of systems of managing risks across all areas and levels of the Municipality and its entity, as required by the Municipal Finance Management Act. The Risk Management Committee is a key assurance provider to the Performance Audit Committee over the management of risk in the Municipality and its entity. Through the Risk Management Committee, the Committee considered the Municipality's processes and systems of risk management

The PAC is not satisfied with the level of adequacy and effectiveness of the risk management processes of the Municipality and its entity. The Municipality has to ensure that the following areas are given urgent and serious attention:

- The functioning and effectiveness of the Risk Management Committee.
- Risk Management culture being embedded in the Municipality and its entity.
- Municipality's risk appetite and risk tolerance levels to be developed and implemented.
- Implementation of combined assurance as espoused by King IV, and
- Governance and Compliance Management.
- Fraud Prevention and Ethics Management.

The Performance Audit Committee emphasized the critical importance of the development and implementation of Business Continuity Management and Disaster Recovery Plan. This will assist the Municipality's resilience to the risk of disruptions to critical business processes. This process will be closely monitored by the PAC in the coming year.

F. Quality of In-Year and Quarterly Management Reports

The Municipality had challenges with implementing monthly and quarterly reporting systems to the Council as required by the Municipal Finance Management Act (MFMA). This was caused by a change in the financial system of the Municipality during the course of the financial year. Monitoring and reviews of financial, information communication technology, human resources, risk management, compliance, governance and performance information were not done to the satisfaction of the PAC in the year under review.

G. Financial Statements and Accounting Practices

The PAC reviewed and discussed the Draft Annual Financial Statements of the Municipality and the Draft Annual Financial Statements of the Entity. The Annual Financial Statements of the Municipality

were submitted late, and this raised a non-compliance matter in the Audited Financial Statements of the Municipality and consequently impacted all the other processes relating to the Annual Report.

The review of the Draft Annual Financial Statements by internal audit and PAC identified several material findings. The AGSA management report was presented to the Performance Audit Committee on 10 June 2019 by the AGSA. The Municipality has received a qualified audit opinion for the year ended 30 June 2018. The entity, on the other hand, received an unqualified audit opinion for the year ended 30 June 2018.

The PAC concurs with the AGSA's reported audit findings on Key Audit Matters (KAM) as defined and is not aware of any KAM not addressed and reported on in terms of the AGSA audit strategy.

H. External Audit

The Performance Audit Committee reviewed the Auditor General South Africa's proposed audit scope and approach, including coordination of the audit effort with internal audit in respect of 2017/18 financial year; and on a regular basis, met separately with the AGSA to discuss any matters that the PAC or auditors believe should be discussed privately.

The Performance Audit Committee has satisfied itself that the staff members of the Auditor-General South Africa (AGSA) were independent of the Municipality and its entity. The PAC concurs with and accepts the conclusions and the audit opinion of the AGSA on the Annual Financial Statements, and Performance Information and recommends that the Annual Financial Statements, and Performance Information be read together with the report of the AGSA.

The PAC reviewed management's corrective actions to address the findings of the AGSA and that the PAC was not satisfied that the corrective actions will address the AGSA findings. PAC has resolved that Management should revise and improve the corrective action in line with AGSA root cause analysis and recommendations. The PAC will monitor these on a quarterly basis.

Based on processes followed and assurances received from the AGSA, nothing has come to the attention of the PAC with regard to any matter impacting on the independence of the external auditors.

6. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

The PAC is concerned with the increase in irregular expenditure and fruitless and wasteful expenditure. The bulk of the irregular expenditure is emanating from Supply Chain Management. The development

of an accurate and complete irregular expenditure and fruitless and wasteful expenditure register is very critical, and Management should prioritise this action.

Management should urgently prioritize the improvement of controls to prevent and detect irregular, fruitless and wasteful expenditure.

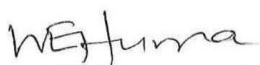
7. CONSEQUENCE MANAGEMENT

The Performance Audit Committee recommends that Council should take urgent action to implement consequence management for non-compliance with legal prescripts and the resultant irregular expenditure and fruitless and wasteful expenditure.

8. APPRECIATION

The PAC wishes to thank the Council, Senior Management and Staff for their continued commitment to improve the effectiveness of the control environment and good governance of the Municipality and its entity. Our appreciation is also extended to the Auditor General South Africa, National Treasury team, and Internal Audit for the independent, professional assurance and consulting services that they continue to provide to the municipality and its entity.

Signed on behalf of the Performance Audit Committee:



Adv. W.E Huma

Chairperson of the Performance Audit Committee

Date 18 | 06 | 20 19

RECOMMENDATIONS OF THE PERFORMANCE AUDIT COMMITTEE 2017/2018

Date of Meeting	Resolution			
	No.	Details	Adopted by Council	Not Adopted by Council
23 August 2017	1	1. INTERNAL AUDIT	Yes.	
30 August 2017	2	✚ Management comments to internal audit findings should be submitted within the agreed time frames.		
20 November 2017	3	✚ Management should attend PAC meetings regularly in line with the PAC Charter.		
19 March 2018	4	✚ Management should submit their quarterly reports to the PAC timeously as per the PAC Charter.		
18 May 2018	5	✚ The IA has not done a QAR review in the past 5-years. The IA should conduct a QAR in the 2018/19 financial year. ✚ The IAA is under-capacitated with regards to specialised skills in Information Technology Auditing (IT Applications, General IT Control Review Specialists) and Performance Audit – Three E’s namely Efficiency, Effectiveness, Economically as well as Investigations). Due consideration should be given to appoint		

Date of Meeting	Resolution			
	No.	Details	Adopted by Council	Not Adopted by Council
		<p>Specialised Auditors to conduct Specialised Audits and or outsource the Specialised Functions.</p> <ul style="list-style-type: none"> ✚ The IA Plan is lacking in Application and General Control Review Audits. IT Audits should be outsourced in order to provide assurance and consulting services to the Municipality on its IT Applications and General IT Controls. <p>ADVISORIES ISSUED BY INTERNAL AUDIT</p> <ul style="list-style-type: none"> ✚ Municipal Entity: Rustenburg Water Services Trust (RWST) budget preparation; ✚ Internal Controls: Recruitment and recommendation of candidates; ✚ Compliance with Performance Management prescripts; ✚ Application of Division of Revenue Act (DoRA) requirements; ✚ Information (Approved IDP, SDBIP, Budget, Performance Agreement, etc.) to be placed on the website of municipality in compliance with the Municipal Finance Management Act, 56 of 2003 (MFMA), Section 75 (1) (k); 		

Date of Meeting	Resolution			
	No.	Details	Adopted by Council	Not Adopted by Council
		<p>2. RISK MANAGEMENT</p> <ul style="list-style-type: none"> ✚ National Treasury must be requested to provide capacity within the Risk Management Function to improve risk management processes and procedures. ✚ The municipality’s strategic risk register as well as operational risk registers for 2018/19 be finalised before the end of the second quarter. ✚ The top ten risks of the municipality with mitigation plans, portfolio of evidence be monitored regularly. ✚ The Rustenburg Water Services Trust (RWST) should develop its own strategic risk register linked to the municipality’s strategic risk register in line with its business plan for this financial year. ✚ The top risks of the RWST and the appropriate risk mitigation plans with portfolio of evidence be monitored regularly. ✚ Projects risks be identified, documented and monitored. 		

Date of Meeting	Resolution			
	No.	Details	Adopted by Council	Not Adopted by Council
		<ul style="list-style-type: none"> ✚ That a process plan be developed to ensure that the municipality's strategic and operational risk registers for 2019/20 are finalised before the start of the next financial year. <p>3. OVERALL CONTROL ENVIRONMENT</p> <ul style="list-style-type: none"> ✚ Management should comply with and adhere to policies and procedures and lead by example. ✚ The Supply Chain Management (SCM) requires a competency and skills review and the results should be reported to Council in order to identify the gaps in terms of competency and skills. ✚ Overall internal controls need to be substantially improved. ✚ Adherence and compliance to SCM policies and procedures should become a norm and compulsory. Failure to comply must attract serious consequences. ✚ Council must enforce adherence to SCM Policies and Procedures and insist on quarterly reports on SCM. 		

Date of Meeting	Resolution			
	No.	Details	Adopted by Council	Not Adopted by Council
		<p>4. SPECIAL INVESTIGATIONS</p> <p>Forensic investigations for the Municipal Supply Chain Management Regulations (MSCMR), Regulation 32 appointments should be conducted. The forensic investigators were sourced from the National Treasury database.</p> <p>The three forensic investigations were conducted for the following:</p> <ul style="list-style-type: none"> (a) Financial Accounting Services; (b) Hiring of Fleet; (c) Landfill site; <p>The special investigations are at an advanced stage and will be reported in the financial year 2018/19.</p> <p>5. FINANCIAL REPORTING</p> <p>Monthly Section 71 reports were not submitted, which limit the Committee to perform its functions and to be efficient.</p>		

Date of Meeting	Resolution			
	No.	Details	Adopted by Council	Not Adopted by Council
		<p>mSCOA implementation reports were not submitted, furthermore this created a limitation for the Committee in terms of advising Council accordingly.</p> <p>Committee Advice on Credit Control</p> <ul style="list-style-type: none"> ✚ Budget Treasury Office (BTO) to report on progress of debt collectors. ✚ BTO to ensure that the debt collectors are not focusing on 120 days and less debt. ✚ Debt Collectors should concentrate on debt of more than 120 days. <p>6. SUPPLY CHAIN MANAGEMENT (SCM)</p> <ul style="list-style-type: none"> ✚ Register of contracts awarded should be broken down into two i.e. normal and capital projects against budget. ✚ Continuous performance monitoring of consultants be done at all times. 		

Date of Meeting	Resolution			
	No.	Details	Adopted by Council	Not Adopted by Council
		<ul style="list-style-type: none"> ✚ The performance of service providers should be linked with a penalty clause in order to ensure excellent and timely performance. ✚ Project plans be developed for service providers by the municipality to ensure demarcation of responsibilities and clear lines of accountability. ✚ Municipality to avoid, Regulation 32 contracts which are entered into without proper compliance processes. ✚ Deviations register be presented to PAC on quarterly basis. ✚ Adherence and compliance to SCM policies and procedures. ✚ Due consideration should be given to -separate -Supply -Chain from Budget & Treasury Office. This will alleviate pressure on the CFO and allow more time to -improve financial -challenges. With supply chain being managed as a separate function, accountability and consequence management can be better implemented and managed. 		

Date of Meeting	Resolution			
	No.	Details	Adopted by Council	Not Adopted by Council
		<p>7. SMART CITY PROJECT PLAN</p> <ul style="list-style-type: none"> ✚ National Treasury be involved to advice on the Smart City Project based on the previous work on the same project of the City of Tshwane. ✚ Consultation with National Treasury be confirmed in writing and be presented to the PAC. ✚ The role of the lawyer be clear and clarified to ensure demarcation of responsibilities and accountability; ✚ The ICT steering committee should provide assurance on the Smart City Project in terms of the project plan implementation thereof; ✚ Project risk register be compiled for the Smart City Project and be monitored regularly; ✚ The project costing be clearly stipulated, and affordability plan be developed to prevent over-commitment by the municipality. 		

Date of Meeting	Resolution			
	No.	Details	Adopted by Council	Not Adopted by Council
		<p>8. PERFORMANCE MANAGEMENT</p> <ul style="list-style-type: none"> ✚ Management must ensure alignment of the Integrated Development Plan (IDP), the Budget, Service Delivery and Budget Implementation Plan (SDBIP) and performance agreements; ✚ Management must adhere to timelines set in the policy and procedure for the submission of Portfolio of Evidence (POE). ✚ Management must submit two separate and independent reports quarterly on the Top layer SDBIP and Directorates SDBIP reports be presented to the PAC on a quarterly basis. ✚ Management must adhere to policies, procedures, guidelines on performance management. 		

Date of Meeting	Resolution			
	No.	Details	Adopted by Council	Not Adopted by Council
		<p>9. ICT (Information Communication and Technology) GOVERNANCE</p> <ul style="list-style-type: none"> ✚ Due consideration should be given to appoint a suitable service provider to perform a gap analysis on the ICT. ✚ The municipality should prepare an action plan addressing all the gaps in internal- and external audit findings. ✚ All ICT projects reports across the Municipality with their risks be submitted to the PAC; ✚ The ICT Governance report be prepared according to list of deliverables as per Phase 1, 2, 3 and 4 of the Department of Public Service and Administration (DPSA) Guidelines on ICT Governance Framework; ✚ ICT Steering Committee reports be submitted on quarterly basis to the PAC. 		

Date of Meeting	Resolution			
	No.	Details	Adopted by Council	Not Adopted by Council
		<p>10. ETHICS</p> <ul style="list-style-type: none"> ✚ Update the gift register of the municipality; ✚ Development and or review of the gift register policy and procedure manual; ✚ Development and or review of Remunerative work outside the employ of the municipality; ✚ The employees must submit their disclosure of benefits forms and a list and or register be developed / updated for submission and monitoring of conflict of interest disclosures. <p>11. ANNUAL FINANCIAL STATEMENTS</p> <ul style="list-style-type: none"> ✚ The detailed proper year-end project plan be developed with timelines, responsible officials with responsibilities and 		

Date of Meeting	Resolution			
	No.	Details	Adopted by Council	Not Adopted by Council
		<p>mapping of the review process to improve the quality of the annual financial statements.</p> <ul style="list-style-type: none"> ✚ Skills transfer with deliverables per assigned official should be developed in order to phase out consultants as and when necessary. ✚ The vacant position of Chief Financial Officer (CFO) should be filled as a matter of extreme urgency to address the challenges in Budget & Treasury Office (BTO). ✚ Preparation of quarterly financial statements as a build-up to the Annual Financial Statements should be done on a quarterly basis. <p>12. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE</p> <ul style="list-style-type: none"> ✚ The development of the accurate and complete irregular expenditure and fruitless and wasteful expenditure register is very critical. 		

Date of Meeting	Resolution			
	No.	Details	Adopted by Council	Not Adopted by Council
		<ul style="list-style-type: none"> ✚ The reduction of irregular, fruitless and wasteful expenditure should be prioritized in the new financial year. ✚ Records and or documentation of the items registered in the irregular, fruitless and wasteful expenditure is of paramount importance in order to deal with the responsible officials. <p>13. CONSEQUENCE MANAGEMENT</p> <ul style="list-style-type: none"> ✚ The culture of no consequence management is what is leading to lack of controls and the increase of irregular, fruitless and wasteful expenditure. ✚ There must be consequence for every non-compliance matter in order for employees to understand the impact of their action in the service delivery process. 		

Date of Meeting	Resolution			
	No.	Details	Adopted by Council	Not Adopted by Council
		<p>14. HR (Human Resources) GOVERNANCE REPORT</p> <ul style="list-style-type: none"> ✚ Separate the organisational policies in terms of which ones are to be presented to Local Labour Forum (LLF) and which ones are not. ✚ Policies be presented in phases based on the process plan developed for LLF; ✚ Develop an action plan to prioritise development and review of policies to be aligned with the financial year. <p>15. TECHNICAL AND INFRASTRUCTURE</p> <ul style="list-style-type: none"> ✚ Management must implement the strategy and plan to reduce energy and water losses. ✚ Management to submit quarterly reports to PAC on the success of the strategy and plan. 		

APPENDIX H: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

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	Tulane 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

APPENDIX I: MUNICIPAL ENTITY/SERVICE PROVIDER PERFORMANCE SCHEDULE

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 3 99,91

APPENDIX J: DISCLOSURE OF FINANCIAL INTEREST (SENIOR MANAGERS)

NAME	DIRECTORATE	DIVISION	POSITION	PERSONAL	DISCLOSUR	1	2	3	4	5	6	7	8	9
				INFO FORM	OF BENEFITS	Shares	Direct orship	Interest in any Trust	Member of Close Corp.	Other Financial Int.	Consultancies Retainerships	Sponsorships	Gifts	Interest in Land/property
Halenyane MMG	Planning and Human Settlement	Planning and Human Settlement	Director: Planning and Human Settlement	X	X	-	-	-	-	-	-	-	-	X
Rampete NM	Community Development	Community Development	Director: Community Development	X	X	X	X	-	X	-	X	-	X	X
Komane E	Local Economic Development	Local Economic Development	Director: Local Economic Development	x	x	-	-	-	-	-	X	-	-	-
Sithole N	Municipal Manager	Office of the MM	Municipal Manager	No Disclosure of Benefits form attached on P/File										

APPENDIX K: REVENUE COLLECTION PERFORMANCE

	2018	2017	NORM/RANGE
	R'000	R'000	95%
Result =	80%	83%	
Gross Debtors closing balance	4 154 925	3 548 783	
Gross Debtors opening balance	3 548 783	3 037 152	
Bad debts written Off			
Billed Revenue	3 084 477	2 947 922	

Narration

Year to year collection rate has decreased by 3% and is below the norm. Municipality is busy with debt collection processes and revenue enhancement activities with the objective of reducing outstanding debts and improving the collection rate.

APPENDIX L: CONDITIONAL GRANTS RECEIVED

GRANT REGISTER 2017/18 FINANCIAL YEAR

Name of Grant	Opening Balance	Grants Received	Grants Withheld	Grants Utilized	Closing Balance
EQUITABLE SHARE	-	(526 072 000.00)	-	526 072 000.00	-
LG SETA	(161 811.65)	(795 574.71)	-	-	(957 386.36)
BPDM	(13 172.00)	-	-	-	(13 172.00)
EEDG	(25 301.17)	-	-	-	(25 301.17)
DPLG	(2 030 802.96)	-	-	-	(2 030 802.96)
DSAC - Sun City	(34 995.00)	-	-	-	(34 995.00)
DSAC - Afcon	-	-	-	-	-
DWAF	(357 926.07)	-	-	-	(357 926.07)
EPWP	0.10	(4 249 000.00)	-	4 249 000.00	0.10
FMG	-	(1 700 000.00)	-	1 700 000.00	-
LOTTERY	(11 771.00)	-	-	-	(11 771.00)
MSIG	-	-	-	-	-
OTHER	(7 543 744.05)	-	-	-	(7 543 744.05)
HOUSING - DPLG	-	(442 590.00)	-	-	(442 590.00)
RBA WESTERN BY PASS	(4 563 739.00)	-	-	-	(4 563 739.00)
MINES	-	-	-	-	-
NEIGHBOURHOOD	-	-	-	-	-
SEED	(422 186.00)	-	-	-	(422 186.00)
SKILLS LEVY	(572 132.41)	-	-	-	(572 132.41)
HOUSING PROJECT ACCOUNT	(15 305 872.44)	-	-	-	(15 305 872.44)
INEG	-	-	-	-	-
DSAC - Library	(2 939 743.50)	(1 400 000.00)	-	565 948.04	(3 773 795.46)
MIG	(404 792.19)	(239 436 000.00)	-	239 840 792.19	-
PTIS	-	-	-	-	-
PTNS	-	(314 156 000.00)	-	314 156 000.00	-
GRANT RENOVATION OLD MARIKANA HOUSE	(7 067.00)	-	-	-	(7 067.00)
NSCOOP	(89 272.53)	-	-	-	(89 272.53)
WSIG	(17 256 698.86)	(65 000 000.00)	-	71 982 577.45	(10 274 121.41)
	(51 741 027.73)	(1 153 251 164.71)	-	1 158 566 317.68	(46 425 874.75)

APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/ RENEWALPROGRAMME: INCLUDING MIG

WATER – CAPITAL EXPENDITURE						
Dep	Item	Vote	Vote Description	Budget 2017/18	Actuals 2017/18	Variance
429	116	2241	CONSTRUCTION OF BOSPOORT BULK WATER PIPELINE	3 112 000.00	3 111 071.29	928.71
429	116	2242	UPGRADING AND EXTENSIONOF BOSPOORT WATER TREATMENT WORKS	41 110 793.00	41 108 836.56	1 956.44
429	116	4657	WATER	23 928 580.00	-	23 928 580.00
429	116	4680	REFURBISHMENT OF BULK LINE & TLHABANE WATER AC REPLACEMENT	16 738 768.00	16 738 305.36	462.64
429	118	2874	LEKGALONG-WATER SUPPLY	0.00	-2 920 934.10	2 920 934.10
429	183	3480	MAUMONG - WATER SUPPLY: PHASE 1 (2015/16) ROLL OVER	2 387 795.00	0.00	2 387 795.00
429	183	3482	RANKELENYANE WATER SUPPLY	20 284 528.00	3 740 089.28	16 544 438.72
429	183	3483	LEKGALONG - WATER SUPPLY:PHASE 4	21 000 000.00	5 972 017.42	15 027 982.58
429	183	3484	WATER CONSERVATION AND WATER DEMAND MANAGEMENT	12 500 000.00	0.00	12 500 000.00
429	183	3485	SYFERBULT WATER SUPPLY SCHEME PHASE 2B	1 215 472.00	964 638.87	250 833.13
429	183	3486	MATHOPESTAD WATER SUPPLY SCHEME PHASE 3	10 000 000.00	5 082 269.71	4 917 730.29
429	183	3494	MAUMONG - WATER SUPPLY: PHASE2	4 697 268.00	-	4 697 268.00
429	183	3495	MATHOPESTAD - RURAL WATER SUPPLY SCHEME:PHASE 2	4 089 650.00	1 897 778.61	2 191 871.39
429	183	3496	LEKGALONG - WATER SUPPLY:PHASE 2	0.00	7 617 301.89	-7 617 301.89
				167 146 840.00	88 107 683.27	79 039 156.73

APPENDIX N: CAPITAL PROGRAMME BY PROJECT

Municipal Vote/Capital project	Project name	Project number	Previous target year to complete	Current Year 2017/18	
				Original Budget	Full Year Forecast
R thousand			Year		
Rustenburg Rapid Transport	New Infrastructure Assets: Depots		2017	34 000	34 000
Roads	Robega roads and stormwater		2017	5 000	5 000
Water services	UPGRADING AND EXTENSION OF BOSPOORT WATER TREATMENT WORKS		2017	24 543	24 543
Roads	TSITSING ROADS & STORMWATER DRAINAGE		2017	5 000	5 000
Roads	Freedom Park roads and stormwater		2017	5 000	5 000
CEMETERIES	DEVELOPMENT OF BOITEKONG CEMETERY		2019	7 700	7 700
ROADS AND STORMWATER	RASIMONE ROADS & STORMWATER DRAINAGE		2019	5 000	5 000
ROADS AND STORMWATER	MERITING - ROADS AND STORMWATER- WARD 18		2019	5 000	5 000
ROADS AND STORMWATER	FREEDOM PARK ROADS & STORMWATER		2019	5 000	5 000
RUSTENBURG RAPID TRANSPORT	CONSTRUCTION OF NON-MOTORISED TRANSPORT WALK WAYS AND BUS STOPS, CONTRACT B		2019	20 150	20 150
RUSTENBURG RAPID TRANSPORT	CONSTRUCTION OF THE RRT STATIONS		2019	33 000	33 000

APPENDIX O: CAPITAL PROGRAMME BY WARD

Municipal Vote/Capital project	Project name	Ward Number	Previous target year to complete	Current Year 2017/18	
				Original Budget	Full Year Forecast
R thousand			Year		
Rustenburg Rapid Transport	New Infrastructure Assets: Depots	ALL	2017	34 000	34 000
Roads	Robega roads and stormwater	2	2017	5 000	5 000
Water services	UPGRADING AND EXTENSION OF BOSPOORT WATER TREATMENT WORKS	ALL	2017	24 543	24 543
Roads	TSITSING ROADS & STORMWATER DRAINAGE	26	2017	5 000	5 000
Roads	Freedom Park roads and stormwater	24	2017	5 000	5 000
CEMETERIES	DEVELOPMENT OF BOITEKONG CEMETERY	20,21	2019	7 700	7 700
ROADS AND STORMWATER	RASIMONE ROADS & STORMWATER DRAINAGE	1	2019	5 000	5 000
ROADS AND STORMWATER	MERITING - ROADS AND STORMWATER- WARD 18	12	2019	5 000	5 000
ROADS AND STORMWATER	FREEDOM PARK ROADS & STORMWATER	24	2019	5 000	5 000
RUSTENBURG RAPID TRANSPORT	CONSTRUCTION OF NON-MOTORISED TRANSPORT WALK WAYS AND BUS STOPS, CONTRACT B	ALL	2019	20 150	20 150
RUSTENBURG RAPID TRANSPORT	CONSTRUCTION OF THE RRT STATIONS	ALL	2019	33 000	33 000

APPENDIX P: SERVICE CONNECTION BACKLOGS AT SCHOOLS & CLINICS

Type of Service	Backlogs
Water	None
Sanitation	None
Electricity	None
Waste Removal	None

APPENDIX Q: SERVICE BACKLOGS EXPERIENCED BY COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

Backlog	PROJECT NAME	NO OF UNITS	STATUS	ALLOCATED	OUTSTANDING ALLOCATIONS
92 506	Marikana CRU	252	Completed	-	
	Marikana BNG	292	Completed	30	264 (illegally occupied)
	Tlhabane Yizo Yizo/Seraleng BNG	557	In progress	187	363
	Monakato BNG	515	Completed	496	19
	Meriting 4 & 5	1590	Incomplete	1223	367
	Dinie Estate	490	In progress	140	350
	Bokamoso Housing Project	1750	Stands are fully serviced		

APPENDIX R: DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

Description	Amount
	R'000
BOSPOORT WATER TREATMENT PLANT	
BOITEKONG WASTE TREATMENT PLANT – RWST	13 088
FREE ELECTRICITY SUPPLY	89 580
FREE WATER SUPPLY	3 936
DONATION: RLM SPORTS & RECREATION CLUB	44
DONATION: SPCA	385
Total	107 033

APPENDIX S: DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA s71

This is to verify that all section 71 reports have met the pre-set timeframes which according to section 28 of the Municipal Budget and Regulations stipulate that all Monthly reports have to be sent to the designated organ of the state before 10 working days have elapsed.

APPENDIX T: NATIONAL AND PROVINCIAL OUTCOME FOR LOCAL GOVERNMENT

NATIONAL OUTCOME	ROLE OF MUNICIPALITY	KEY PERFORMANCE INDICATOR	TARGET	ACTUAL	PROGRESS REGISTERED
4. Decent employment through inclusive economic growth	a) Create an enabling environment for investment by streamlining planning application processes;	Number of Investment Policies developed and approved by Council by 30 th June 2018	1	1	
	b) Improve procurement systems to eliminate corruption and ensure value for money;	Percentage of bids awarded to companies with BBBEE content in line with municipality's Preferential Procurement Policy	100	100	Only one company without BBBEE content was used since they are sole providers.
	c) Utilise community structures to provide services.	Number of public and stakeholder consultation meetings/sessions held	4	6	3 IDP Rep Forum meetings were held and 3 separate meetings with stakeholders were conducted
5. A skilled and capable workforce to support inclusive growth	a) Link municipal procurement to skills development initiatives	Number of SMMEs and cooperative assisted with technical and financial support by June 2018	240	610	The variance results from the youth month programme which aimed to impact the wider majority of enterprises in the Municipality. More than targeted SMMEs were assisted due to collaboration with stakeholders.
6. An efficient,	a) Maintain and expand water				A KPI addressing the objective

NATIONAL OUTCOME	ROLE OF MUNICIPALITY	KEY PERFORMANCE INDICATOR	TARGET	ACTUAL	PROGRESS REGISTERED
competitive and responsive economic infrastructure network	purification works and waste water treatment works in line with growing demand;				will be designed.
7. Vibrant, equitable and sustainable rural communities and food security	a) Facilitate the development of local markets for agricultural produce;	Number of urban–agriculture projects completed by 30 th June 2018	7	7	
	b) Promote home production to enhance food security;				A KPI addressing the objective will be designed.
8. Sustainable human settlements and improved quality of household life	a) Cities must prepare to be accredited for the housing function;	Date of finalisation of Accreditation Implementation Protocol	2017	0	The Accreditation Implementation Protocol has not been finalised.
	b) Develop spatial plans to ensure new housing developments are in line with national policy on integrated human settlements;				A KPI addressing the objective will be designed.
	c) Participate in the identification of suitable land for social housing;				A KPI addressing the objective will be designed.
	d) Ensure capital budgets are appropriately prioritised to maintain existing services and extend services.				A KPI addressing the objective will be designed.

NATIONAL OUTCOME	ROLE OF MUNICIPALITY	KEY PERFORMANCE INDICATOR	TARGET	ACTUAL	PROGRESS REGISTERED
9. A responsive and, accountable, effective and efficient local government system	a) Improve municipal financial and administrative capacity by implementing competency norms and standards and acting against incompetence and corruption.				A KPI addressing the objective will be designed.
10. Protection and enhancement of environmental assets and natural resources	a) Ensure effective maintenance and rehabilitation of infrastructure;				A KPI addressing the objective will be designed.
	b) Run water and electricity saving awareness campaigns;	Percentage reduction in water and electricity losses.	6%	-8.8%	
	c) Ensure proper management of municipal commonage and urban open spaces;				A KPI addressing the objective will be designed.
	d) Ensure development does not take place on wetlands.				A KPI addressing the objective will be designed.

NATIONAL OUTCOME	ROLE OF MUNICIPALITY	KEY PERFORMANCE INDICATOR	TARGET	ACTUAL	PROGRESS REGISTERED
11. Decent employment through inclusive economic growth	c) Create an enabling environment for investment by streamlining planning application processes;	% Implementation of Business Retention & Expansion Strategy	100%	-	Not achieved.
	d) Improve procurement systems to eliminate corruption and ensure value for money;	Percentage of bids awarded to companies with BBBEE content in line with municipality's Preferential Procurement Policy	40	39	Only one company without BBBEE content was used since they are sole providers.
	c) Utilise community structures to provide services.	Number of public and stakeholder consultation meetings/sessions held	4	8	4 IDP Rep Forum meetings were held and separate meetings with stakeholders were conducted
12. A skilled and capable workforce to support inclusive growth	b) Link municipal procurement to skills development initiatives	Number of SMMEs work-shopped on tendering, business planning, export market, cooperative governance, business skills	240	610	20 Cooperatives in Marikana (8 people per cooperatives) 2 in Phatsima (12 people per cooperatives) 40 Stock farmers
13. An efficient, competitive and responsive economic infrastructure network	b) Maintain and expand water purification works and waste water treatment works in line with growing demand;	Completion rate of Bospoort Water treatment works	100%	-	Delay in appointment of electrical contractor
14. Vibrant, equitable and sustainable rural communities and food security	c) Facilitate the development of local markets for agricultural produce;	Number of urban-agriculture projects completed by 30 th June 2018	7	7	Achieved
	d) Promote home production to enhance food security;				A KPI addressing the objective will be designed.

NATIONAL OUTCOME	ROLE OF MUNICIPALITY	KEY PERFORMANCE INDICATOR	TARGET	ACTUAL	PROGRESS REGISTERED
15. Sustainable human settlements and improved quality of household life	e) Cities must prepare to be accredited for the housing function;	Date of finalisation of Accreditation Implementation Protocol	2017	0	The Accreditation Implementation Protocol has not been finalised.
	f) Develop spatial plans to ensure new housing developments are in line with national policy on integrated human settlements;	Land Requirement Framework for realignment with sector plans Revised by target date			A KPI addressing the objective will be designed.
	g) Participate in the identification of suitable land for social housing;	Quarterly progress reports in the development of a social housing entity for RLM tabled before Council			A KPI addressing the objective will be designed.