

Rustenburg



**RUSTENBURG LOCAL  
MUNICIPALITY**

**ANNUAL REPORT  
2018/2019**



## Table of Contents

<b>CHAPTER ONE: EXECUTIVE MAYOR'S FOREWORD .....</b>	<b>6</b>
<b>COMPONENT A: EXECUTIVE MAYOR'S FOREWORD.....</b>	<b>6</b>
<b>B: MUNICIPAL MANAGER'S OVERVIEW AND EXECUTIVE SUMMARY .....</b>	<b>9</b>
<b>1.1 STATEMENT BY THE MUNICIPAL MANAGER .....</b>	<b>9</b>
<b>1.2 EXECUTIVE SUMMARY.....</b>	<b>11</b>
<b>1.2.1 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW.....</b>	<b>13</b>
<b>1.2.2 MUNICIPAL STRATEGIC AGENDA .....</b>	<b>14</b>
<b>1.3 SOCIO-ECONOMIC PROFILE.....</b>	<b>15</b>
<b>1.4 DEMOGRAPHICS.....</b>	<b>16</b>
<b>1.5 ECONOMY .....</b>	<b>17</b>
<b>1.6 LABOUR .....</b>	<b>20</b>
<b>1.7 INCOME AND EXPENDITURE .....</b>	<b>22</b>
<b>1.9 TOURISM .....</b>	<b>25</b>
<b>1.10 SERVICE DELIVERY OVERVIEW .....</b>	<b>26</b>
<b>1.11 FINANCIAL HEALTH OVERVIEW .....</b>	<b>26</b>
<b>1.12 ORGANISATIONAL DEVELOPMENT OVERVIEW .....</b>	<b>27</b>
<b>1.13 AUDITOR GENERAL REPORT .....</b>	<b>27</b>
<b>1.14 STATUTORY ANNUAL REPORT PROCESS .....</b>	<b>27</b>
<b>CHAPTER TWO: GOVERNANCE .....</b>	<b>29</b>
<b>COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE.....</b>	<b>29</b>
<b>2.1 POLITICAL GOVERNANCE.....</b>	<b>29</b>
<b>2.2 ADMINISTRATIVE GOVERNANCE STRUCTURE .....</b>	<b>34</b>
<b>COMPONENT B: INTERGOVERNMENTAL RELATIONS.....</b>	<b>35</b>
<b>2.3 INTERGOVERNMENTAL RELATIONS .....</b>	<b>35</b>
<b>COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION .....</b>	<b>36</b>
<b>2.4 IDP PARTICIPATION AND ALIGNMENT .....</b>	<b>38</b>
<b>COMPONENT D: CORPORATE GOVERNANCE .....</b>	<b>45</b>
<b>2.5 RISK MANAGEMENT .....</b>	<b>45</b>
<b>2.6 ANTI-CORRUPTION AND FRAUD .....</b>	<b>51</b>
<b>2.7 BY-LAWS .....</b>	<b>52</b>
<b>2.8 WEBSITE .....</b>	<b>53</b>
<b>2.9 COMMUNITY SATISFACTION SURVEY .....</b>	<b>54</b>
<b>CHAPTER THREE: SERVICE DELIVERY PERFORMANCE (PERFORMANCE PART I) .....</b>	<b>55</b>
<b>3.1 WATER PROVISION.....</b>	<b>57</b>
<b>3.2 WASTE WATER (SANITATION) PROVISION .....</b>	<b>56</b>
<b>3.3 ELECTRICITY PROVISION .....</b>	<b>59</b>
<b>3.4 WASTE MANAGEMENT .....</b>	<b>62</b>
<b>3.5 ENVIRONMENTAL MANAGEMENT SERVICES.....</b>	<b>65</b>
<b>COMPONENT E: COMMUNITY FACILITIES .....</b>	<b>67</b>
<b>3.6 SPORTS AND RECREATION.....</b>	<b>67</b>
<b>3.7 CIVIC CENTRE AND COMMUNITY HALLS.....</b>	<b>68</b>
<b>3.8 LIBRARIES.....</b>	<b>70</b>

<b>COMPONENT F: PLANNING AND HUMAN SETTLEMENT .....</b>	<b>70</b>
3.9 PLANNING AND HUMAN SETTLEMENT .....	74
<b>COMPONENT G: ROADS AND TRANSPORT.....</b>	<b>74</b>
3.10 ROADS AND STORMWATER.....	75
3.11 PUBLIC TRANSPORT SYSTEM.....	76
3.12 LICENSING AND TESTING SERVICES.....	78
<b>COMPONENT H: SAFETY AND SECURITY.....</b>	<b>81</b>
3.13. LAW ENFORCEMENT, TRAFFIC, SECURITY, FIRE, DISASTER AND MUNICIPAL COURT.....	81
3.14 FIREFIGHTING SERVICES .....	83
3.15 DISASTER MANAGEMENT .....	84
<b>3.16 LOCAL ECONOMIC DEVELOPMENT .....</b>	<b>90</b>
<b>COMPONENT I: HEALTH (CIRCULAR) .....</b>	<b>97</b>
3.17 OCCUPATIONAL HEALTH AND SAFETY .....	97
3.18 EXECUTIVE AND COUNCIL .....	98
3.19 STRATEGIC PLANNING AND REGULATORY .....	99
3.20 INTERNAL AUDIT UNIT .....	99
3.21 HUMAN RESOURCE SERVICES .....	101
3.22 LEGAL AND VALUATION UNIT .....	108
3.23 SPECIAL PROJECTS.....	110
3.24 ORGANISATIONAL STRATEGY & PLANNING .....	116
3.25 ANNUAL PERFORMANCE REPORT (SECTION 46 REPORT: 2018/2019) .....	116
<b>3.26 PERFORMANCE PER KEY PERFORMANCE AREA (KPA).....</b>	<b>121</b>
 <b>CHAPTER FOUR : ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II) .....</b>	 <b>173</b>
<b>COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL.....</b>	<b>173</b>
4.1 WORKFORCE TOTALS.....	173
<b>COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE .....</b>	<b>176</b>
4.2 POLICIES .....	176
<b>COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE .....</b>	<b>177</b>
4.3 PERFORMANCE REWARDS.....	177
4.4 SKILLS DEVELOPMENT AND TRAINING .....	177
4.5 COURSE ATTENDANCE.....	178
<b>COMPONENT D: MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE.....</b>	<b>186</b>
 <b>CHAPTER FIVE: STATEMENT OF FINANCIAL PERFORMANCE .....</b>	 <b>1887</b>
 <b>CHAPTER SIX: AUDITOR GENERAL'S FINDINGS .....</b>	 <b>1966</b>
<b>INTRODUCTION .....</b>	<b>196</b>
6.1 AUDITOR GENERAL'S REPORT.....	209
6.2 CONSOLIDATED ANNUAL FINANCIAL STATEMENTS.....	209
6.3 POST AUDIT ACTION PLAN.....	318
6.4 ANNUAL PERFORMANCE REPORT OF THE RUSTENBURG WATER SERVICES TRUST.....	325
6.5 AUDITOR GENERAL'S REPORT ON THE RUSTENBURG WATER SERVICES TRUST.....	350
6.6 FINANCIAL STATEMENTS OF THE RUSTENBURG WATER SERVICES TRUST .....	355
6.6 POST AUDIT ACTION PLAN OF THE RUSTENBURG WATER SERVICES TRUST.....	432
APPENDIX A: COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE .....	384
APPENDIX B : COMMITTEES AND COMMITTEE PURPOSE.....	388

<b>APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE (INCLUDING MUNICIPAL ENTITY).....</b>	<b>397</b>
<b>APPENDIX D: FUNCTIONS OF THE MUNICIPALITY/ENTITY .....</b>	<b>398</b>
<b>APPENDIX E: WARD REPORTING .....</b>	<b>400</b>
<b>APPENDIX F: WARD INFORMATION .....</b>	<b>401</b>
<b>APPENDIX G: REPORT AND RECOMMENDATIONS OF THE PERFORMANCE AUDIT COMMITTEE....</b>	<b>402</b>
<b>APPENDIX H: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS .....</b>	<b>422</b>
<b>APPENDIX I: MUNICIPAL ENTITY/SERVICE PROVIDER PERFORMANCE SCHEDULE .....</b>	<b>422</b>
<b>APPENDIX J: DISCLOSURE OF FINANCIAL INTEREST (SENIOR MANAGERS) .....</b>	<b>423</b>
<b>APPENDIX K: REVENUE COLLECTION PERFORMANCE .....</b>	<b>425</b>
<b>APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG .....</b>	<b>426</b>
<b>APPENDIX M: CAPITAL EXPENDITURE – NEW &amp; UPGRADE/ RENEWALPROGRAMME: INCLUDING MIG .....</b>	<b>428</b>
<b>APPENDIX N: CAPITAL PROGRAMME BY PROJECT: CURRENT YEAR .....</b>	<b>466</b>
<b>APPENDIX O: CAPITAL PROGRAMME BY WARD .....</b>	<b>466</b>
<b>APPENDIX P: SERVICE CONNECTION BACKLOGS AT SCHOOLS &amp; CLINICS.....</b>	<b>468</b>
<b>APPENDIX Q: SERVICE BACKLOGS EXPERIENCED BY COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION .....</b>	<b>468</b>
<b>APPENDIX R: DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY .....</b>	<b>469</b>
<b>APPENDIX S: DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA s71 .....</b>	<b>470</b>
<b>APPENDIX T: NATIONAL AND PROVINCIAL OUTCOME FOR LOCAL GOVERNMENT .....</b>	<b>471</b>



## 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
R&T	Roads and 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

### COMPONENT A: EXECUTIVE MAYOR'S FOREWORD



The Rustenburg Local Municipality has since the commencement of the current term of Council strove to accelerate service delivery in line with the Municipal objectives and key priorities. The financial year under review is critical as it provides insight into the work which has been done in the last three financial years and how the Municipality particularly in the last two financial years witnessed for the first time since its inception, the highest levels of maladministration. This has no doubt taken the municipality a few steps backwards as it sabotaged the gains that could have been made in the journey towards making Rustenburg a World class city, had the resources of the municipality been fully utilized for service delivery and development of the city, instead of personal gain. We therefore acknowledge that a drastic change is needed to turn the tides and we believe that with the measures that have been put in place, change is inevitable. I firstly want to commend the Acting Municipal Manager, Mr. E Komane, whom when he discovered that there were indications of fraudulent activities he immediately brought the matters to the fore and to the attention of Council.

He acted with requisite speed by immediately stopping payments of dubious contracts that were entered into on behalf of the municipality outside the prescripts of the Municipal Supply Chain Management Regulations, Municipal Supply Chain Management Policy and tender requirements as outlined in the Auditor General's report contained herein. The manner in which these contracts were acquired and concluded was illegal and resulted in our expenditure being highly irregular when tested against the law. A case in point would be the fraudulent procurement of municipal fleet contract and a few others. The decisive step to stop payment on its own, saved the municipality an amount to the tune of Rm300. The Acting Municipal Manager proceeded to institute criminal forensic investigations to get to the bottom of these corrupt activities and further approached the courts to legally set the dubious contracts aside whilst the investigation wheel was running. The municipal Council was deliberately incapacitated to conduct financial oversight as Section 71 reports submitted in terms of the MFMA, were strategically not submitted to Council on account of deceitful and false blame on the financial system. Off course, all were a calculated effort to sabotage the work of Council and conceal fraudulent activities. For instance, the reports if submitted would have revealed the disjuncture between the municipal bank account withdrawals and the municipal financial system. It is a great relief that the investigations are coming to a close and we are assured that no stone is left unturned and that justice will take its course as those found to be responsible for these criminal acts, will be charged accordingly and put behind bars.

I want to assure that the situation is turnable as the at the head of admistration is our new capable Municipal Manager, Mr. S.V. Makona and his team of Senior Management who are charged with the mammoth task working with Council to restore financial stability and address all manner of lawlessness that exists within the institution. He is assured of our support as Councillors as he instills discipline, recovers municipal funds, addresses illegal connection of municipal services and collects revenue derived from municipal services. As a result of some hard working and dedicated employees that the RLM continues to pride itself with, the Municipality has implemented an accelerated service delivery program – Re Direla Setshaba – “We are serving the community”. The program enabled the Municipality to address service delivery backlogs, where public lighting and general electrification of new households in recently formalised townships was completed, with coordinated supplementary services such as access to clean drinking water and sanitation infrastructure roll-out.

The period under review is also critical as it is at the horizon of the penultimate year of the current Council which will end its term in just over a year ahead of the local government elections. Though the City has been actively involved in futuristic forecasting for economic diversification for strategic growth objectives and related development through infrastructure and continued transformed local economic development positive results are beginning to show while ensuring municipal financial viability and management for the benefit of the various communities which rely on our services. Notwithstanding the challenges that the Municipality has experienced as a result of a combination of factors, such as rural-to-urban migration due to exploration of economic opportunities which result in increased number of informal dwellings. We continue to remain focused, despite the constraint of resources immediately available to the Municipality to ensure rapid, efficient and reliable service delivery. Additionally, the Municipality has been able to relocate some of our residents, who had been residing in various areas where informal dwellings were established, to newly established townships, where housing projects were successfully implemented.

Further to that, the job-losses in the mining sector and related industries owing to reduction in productivity levels has dented the projected revenue for the Municipality which translates into reduced income for the rendered services and the unfortunate debtor’s book value growth. In line with our long term vision – 2040 Master Plan, we continue to work relentlessly to attract new investment opportunities, into the City to mitigate the contraction in the mining sector which has been heavily relied upon in the past, as it contributed more than 50% of Rustenburg’s GDP (gross domestic product) as the City remains focused on – Rustenburg beyond mining. There have been areas of great improvement in implementation of service delivery projects, such as the increased number of households within our jurisdiction having access to clean water, sanitation and electrification of both informal and formalised dwellings as well as the refurbishment of the electrical network to ensure power security for both commercial and non-commercial use.

We are humbled by the progress that has been registered in the various wards of our Municipality especially in the wards, which are geographically remote such as Lethabong where a mega sewer reticulation project was implemented in bettering the lives of our residents and as a result over 1500 households benefited. In Phatsima a successful project of internal roads construction has been rolled out, relieving residents there of the previously undesirable road conditions while easing access into the area. Where access to water was a challenge previously we were able to commission two new reservoirs in Tlhabane West, where the upper lying areas did not receive water supply due to the limited pressure and required flow. These and many other successes are evidence that Rustenburg Local Municipality remains committed in ensuring that all the needs of our communities are met in line with our motto “a world class city where all communities enjoy a high quality of life”.

In making Rustenburg, an accessible destination of choice, to investors and tourists alike the 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. We have doubled our efforts in ensuring that the road infrastructure is of an acceptable standard taking into account the introduction

on the Rustenburg Rapid Transport system, which will in the next financial year become operational and ferry over 700 thousand commuters daily to various parts of the City. This will decongest the traffic on all the arterial and secondary routes in the City for daily commutes. We are pleased with the progress that has been made, amidst the challenges that were experienced in implementing this project which will bring numerous benefits to the City once fully operational. Similarly, in the year under review, we have improved the road network in the various townships and rural areas for ease of access to these areas by upgrading of gravel to paved/tarred roads, focusing on specific areas where there is greater need to improve mobility of our residents in those areas as well as the maintenance of gravel roads in formal and informal settlements to enhance access to these areas.

Though we continue to receive income from services rendered, we remain concerned about those residents and businesses who do not service their respective utility accounts, which has the potential to affect the financial liquidity of the institution. With limited dependence on the grant allocation from the national government in dispensing service delivery, it remains our greatest concern that any adverse impact the finances of the Municipality will hamper all concerted efforts to maintain the existing service delivery standards, while addressing the challenges which have been identified, which talk directly to the needs of our communities. Further to that internally, we are working tirelessly in ensuring that all the challenges which have impeded on our objectives to ensure sound financial management are addressed.

The war waged against all acts of financial misconduct will continue unabated as we intentionally work hand in glove with administration. Despite the challenges, we have experienced, we have learnt valuable lessons with which we will move into the future to implement and monitor more extensively on the performance and function of our critical functions within the administration.



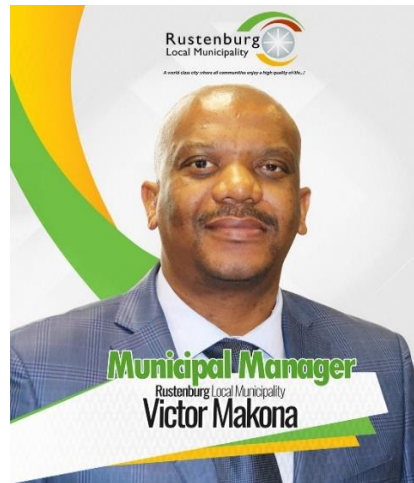
Cllr Mpho Khunou

**Executive Mayor**

**Rustenburg Local Municipality**

## B: MUNICIPAL MANAGER'S OVERVIEW AND EXECUTIVE SUMMARY

### 1.1 STATEMENT BY THE MUNICIPAL MANAGER



The tabling of the 2018/2019 annual report for the Rustenburg Local Municipality is on the strength of section 127(2) of the Municipal Finance Management Act (MFMA) the purpose of the annual report is to provide record of activities, on programmes and projects implemented, to report on performance against the budget and the predetermined objectives

The Rustenburg Local Municipality has submitted the annual report to office of the Auditor General for scrutiny and their opinion. The report of the auditor General is contained as part of the component to the 2018/2019 annual report.

It would be very ideal to brag about some of the key milestones achieved during the course of the financial year under review, however, the reflection of the state of Municipal Performance as portrayed from the Auditor General's report, points the Rustenburg Local Municipality to one direction of complete shift of energy in order to make Rustenburg a true world class city.

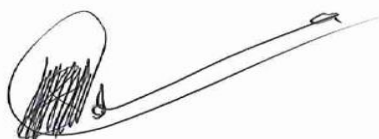
Key Focus towards correcting matters as emphasized in the Auditor General's report for the annual report 2018/2019 are answers to a question "how do we fix this going forward?" Not in a simplistic form though but through concerted commitment to implement Consequence Management to anyone found to have played a role into turning the state of affairs as found in the audit Report.

At the center of turning the course that the municipality had taken is addressing the unauthorised irregular fruitless and wasteful expenditure in terms of Section 32(4)(c)(i)(ii) of the MFMA, by implementing steps to rectify and recover such expenditure and to prevent a recurrence thereof. In this vein, there are criminal forensic investigations already on course and criminal cases registered with the Hawks. The Hawks are currently hard at work, with the

municipalities full cooperation digging out the rot that has eaten from the municipality's progress. A special Task Team of specialists will be assembled to expedite internal investigations. Recovery of ill-gotten monies of the municipality from the culprits, is a guaranteed outcome of all these efforts. Furthermore the full might of the law will also befall employees who are found to have deliberately withheld information with the intention of concealing corrupt activities within the municipality. Preliminary outcomes of the investigations have thus far pointed to Supply Chain Management unit as the biggest culprit in these activities, to the extent that a number of the employees have been suspended and under going disciplinary processes. A complete overhaul of the Supply Chain Management Unit is on the cards so as to attack the status quo for a sustainable change in behaviors.

To ensure the liquidity of the municipality, our debt impairment ratio needs to drastically improve. The wide-spread culture of non-payment of municipal services can no longer be tolerated. This culture spans from domestic users to businesses within Rustenburg. We are working tirelessly to ensure that all consumers are billed and billed accurately. However this is also hampered by the delay in transfer of ownership of houses to ensure that service level agreements for provision of services are entered into with bona fide beneficiaries. Also undermining our efforts to collect revenue, are illegal connections of water and electricity amounting to huge of amounts of losses. We are enforcing our By-laws ensuring that culprits, Izinyoka and home and business owners alike, are criminally charged and hefty fines are issued to those connecting illegally.

As we strengthen our will power and the determination to serve the community of Rustenburg excellence in performance will be the order of operations!

A handwritten signature in black ink, consisting of a large, stylized 'S' followed by a long, sweeping horizontal line that ends in a small hook.

**SV MAKONA**

**MUNICIPAL MANAGER**



---

## 1.2 EXECUTIVE SUMMARY

### **Legislative Requirements for the Preparation of the Annual Report:**

Concerted efforts were made during the compilation of the annual report to comply with Section 121(1) of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) which stipulates that: "Every municipality and a municipal entity must for each financial year prepare an annual report in accordance with its guidelines". It further states that "The Executive Mayor must within seven months after the end of the financial year table the municipality's Annual Report in council.

Section 46(1) of the Local Government: Municipal Systems Act, 32 of 2000 (MSA) prescribes that: A municipality must prepare for each financial year a performance report reflecting:-

- a) The performance of the municipality and of each external service provider during the financial year;
- b) A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and
- c) Measures taken to improve performance.

(2) An Annual Performance Report must form part of the municipality's Annual Report in terms of chapter 12 of the MFMA.

During the 2018/19 financial year, Council parted ways with the Municipal Manager but managed to fill positions of Chief Financial Officer, Directors: Technical and Infrastructure Services, Public Safety and Corporate Support Services. The municipality can pride itself with the fact that it has a functional and knowledgeable Performance Audit Committee (PAC). The work of the PAC was enhanced by a functional Internal Audit Unit.

A Risk Committee was established and is fully functional, with the assistance of a functional Risk Management Unit. All systems regarding implementation of risk management are in place i.e.

- Risk Management Policy (reviewed annually)
- Risk Management Strategy (reviewed annually)
- Risk and Fraud Assessments conducted regularly.

Much time has been allocated to focus on internal controls to address cases of irregular, unauthorised, fruitless and wasteful expenditure. Existing contracts were reviewed as well as contracts entered into for the period under review for compliance with the MFMA and in some cases, contracts were suspended with an intention to terminate. This resulted in a litany of litigations.

Though the Annual Report includes the Annual Performance Report, note need be taken that the overall performance of the municipality stands at 51% which is not satisfactory. Nevertheless, remedial measures were put in place to improve performance going forward.

For the financial years 2015/16, 2016/17, 2017/18 and 2018/19 respectively, the Municipality received a Qualified Audit outcome. However, the matters of emphasis for the 2017/2018 financial year were successfully reduced. The three main areas of concern that culminated in the acquired audit Outcome for the 2018/19 Financial Year are:

a) Unauthorised and fruitless and wasteful expenditure

As disclosed in note 53 to the consolidated and separate financial statements, unauthorised expenditure of R1 036 181 000 was incurred in the current year and unauthorised expenditure of R1 029 199 000 in respect of prior years have not yet been dealt with in accordance with section 32 of the MFMA.

As disclosed in note 54 to the consolidated and separate financial statements, fruitless and wasteful expenditure of R793 000 was incurred in the current year and fruitless and wasteful expenditure of R2 172 000 from prior years have not yet been dealt with in accordance with section 32 of the MFMA.

b) Material losses

As disclosed in note 56 to the consolidated and separate financial statements, material water losses of 22 911 000kl (2018: 16 917 000kl) was incurred as a result of water lost through the distribution process, which represents 52.64% (2018: 41.25%) of total water purchased

c) Restatement of corresponding figures

As disclosed in note 48 to the consolidated and separate financial statements, the corresponding figures for 30 June 2018 were restated as a result of errors in the consolidated and separate financial statements of the municipality at, and for the year ended, 30 June 2019.

Furthermore, AGSA highlighted the following factors of our audit outcome,

Unaudited disclosure notes

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 consolidated and separate financial statements and accordingly I do not express an opinion thereon.

## Unaudited supplementary schedules

The supplementary information set out does not form part of the consolidated and separate financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

### **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, Impala Platinum, Anglo American, Sibanye Stillwater/Gold, Bakubung Platinum, Lonmin, Royal Bafokeng Platinum, Tharisa Minerals, Glencore and Ilitha Mining. 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.

## **1.3      SOCIO-ECONOMIC PROFILE<sup>1</sup>**

---

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

---

<sup>1</sup> 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
<b>Bojanala Platinum</b>	<b>877,000</b>	<b>794,000</b>	<b>1,670,000</b>

*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

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

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%.

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%
<b>Total Industries</b>	<b>52.3</b>	<b>124.6</b>	<b>233.7</b>	<b>3,871.2</b>	<b>41.9%</b>	<b>22.4%</b>	<b>1.35%</b>

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%
<b>Total Industries</b>	<b>-0.21%</b>	<b>3.07%</b>

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

**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%
<b>Total</b>	<b>224,000</b>	<b>550,000</b>	<b>1,140,000</b>	<b>15,800,000</b>	<b>40.7%</b>	<b>19.6%</b>	<b>1.42%</b>

Source: IHS Markit Regional eXplorer version 1160

## Household Infrastructure

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 <b>the formal dwelling unit backlog</b> (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 <b>71 600</b> 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 <b>sanitation backlog</b> (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 <b>62 800</b> 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 <b>30 000</b> 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	When looking at the number of households with no electrical connection over time, it can be seen that in 2006 the households without an

	lighting and other purposes and a total number of 34 900 (15.60%) households did not use electricity.	electrical connection in Rustenburg Local Municipality was 28 700, this increased annually at 1.97% per annum to <b>34 900</b> 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 <b>55 600</b> in 2016.

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.



## Tourism: 2016

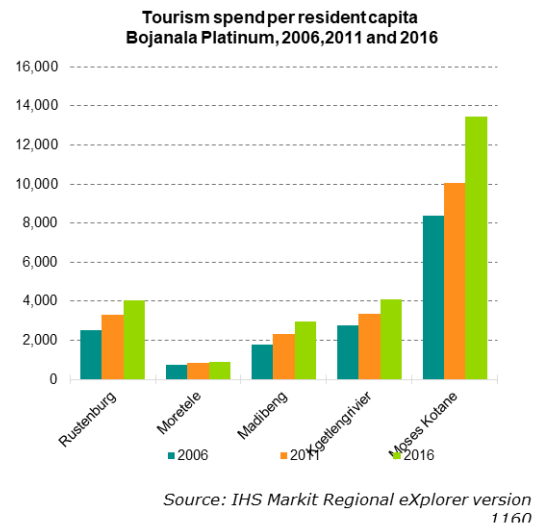
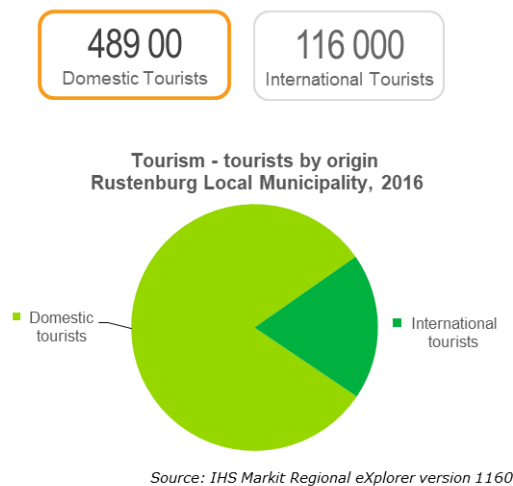


Diagram 6

## 1.8 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.

## 1.9 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 7 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%

## 1.10 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.

## **1.11 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.

## **1.12 AUDITOR GENERAL REPORT**

---

### **AUDITOR GENERAL REPORT: 2018/19**

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 (2018/2019)

## **1.13 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 2018/2019
- (b) Provide a report on performance against the budget of the Rustenburg Local Municipality and its entity for the financial year 2018/2019; and
- (c) Promote accountability to the local community for the decisions made during the financial year ended June 2019 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
<b>TOTAL</b>	<b>89</b>	<b>54</b>	<b>35</b>

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

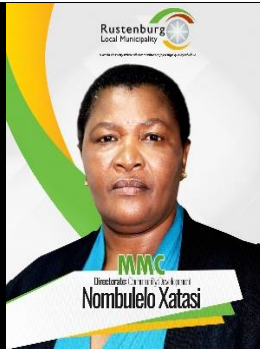
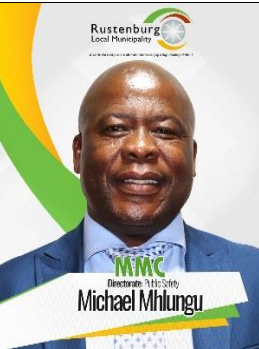

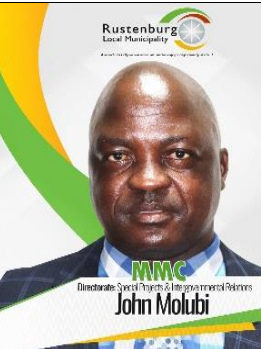
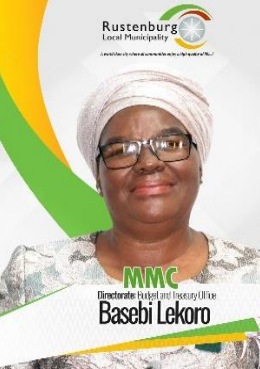
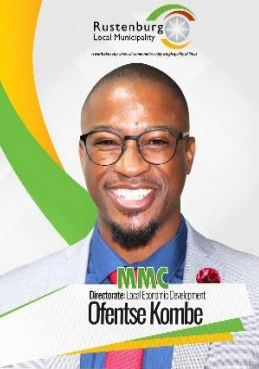




The Rustenburg Local Municipality established a Mayoral Committee and Portfolio Committees in terms of Section 80 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998) to assist the Executive Mayor in executing his functions. The Executive Mayor is the chairperson of the Mayoral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

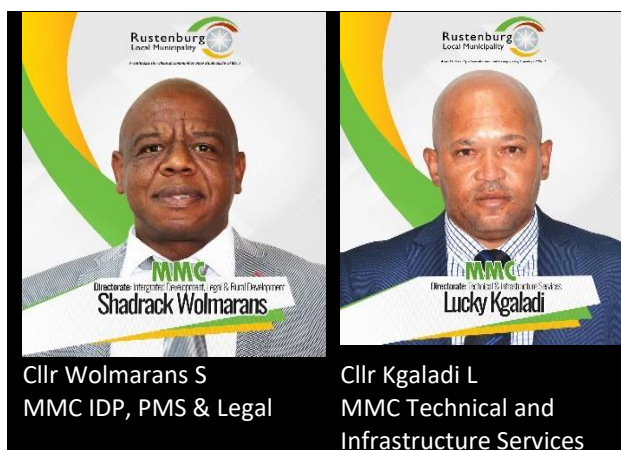
**Table 2.2 Mayoral Committee Members**

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	Clr O Kombe

**MEMBERS OF THE MAYORAL COMMITTEE & THEIR PORTFOLIOS**

 <p><b>MMC</b> Nombulelo Xatasi</p>	 <p><b>MMC</b> Michael Mhlungu</p>	 <p><b>MMC</b> Victoria Makhaula</p>	 <p><b>MMC</b> 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><b>MMC</b> Basebi Lekoro</p>	 <p><b>MMC</b> Ofentse Kombe</p>	 <p><b>MMC</b> Joyce Mashishi-Ntsime</p>	 <p><b>MMC</b> Nosipho Babe</p>
<p>Cllr Lekoro B MMC: Budget &amp; Treasury</p>	<p>Cllr Kombe O MMC LED:</p>	<p>Cllr Mashishi-Ntsime J MMC Roads &amp; Transport</p>	<p>Cllr Babe N MMC Corporate Support 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.	W.E Huma	3 years (Appointed 02 May 2017) (Appointed Chairperson on the 29 May 2018)	Chairperson	Current
2.	S Ngobeni	3 years (Appointed 26 January 2016)	Member	Term ended (31 January 2019)
3.	H Maritz	3 years (Appointed 02 May 2017)	Member	Current
4.	Z Nkosi	3 years (Appointed 29 May 2018)	Member	Current
5.	T Mawela	3 years (Appointed 29 May 2018)	Member	Resigned (31 January 2019)

## Attendance

During the year under review, sixteen (16) 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.	W.E Huma	Chairperson	<b>Rustenburg Local Municipality</b>	16	16
2.	H Maritz	Member	04 July 2018	16	15
3.	S. Ngobeni	Member	13 August 2018	16	2
4.	Z Nkosi	Member	20 August 2018 30 August 2018 18 September 2018	16	14
5.	T Mawela	Member	05 October 2018 26 November 2018	16	6
			07 March 2019 20 May 2019 10 June 2019 14 June 2019 21 June 2019  <b>Rustenburg Water Services Trust</b> 30 August 2018 10 December 2018 25 March 2019 10 June 2019		

## 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**

2018/2019	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
POSITION	NAME	NAME	NAME	NAME
Municipal Manager	Sithole NS	Sithole NS	Sithole NS	Sithole NS/Komane E
Chief Financial Officer	Mdhuli VV	Mdhuli VV	Ditsele GG	Ditsele GG
Director Planning	Halenyane MMG	Halenyane MMG	Halenyane MMG	Halenyane MMG
Public Safety				Boikanyo KI
Acting Director Technical and Infrastructure Service	Mashile K L	Mashile K L	Bergh PV	Masilo O J
Community Development	Rampete N M	Rampete N M	Rampete NM	Rampete NM
Roads and Transport	Ntlhamu F	Moleele MO	-	Ntlhamu F
Corporate Support Services	Mahapela P	Pholose A E	Mahapela P	Roboji Y
Local Economic Development	Komane E	Komane E	Komane E	Komane E/ Sehloho T
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	Hlatshwayo LN	Hlatshwayo LN	Hlatshwayo LN	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



Clr J.L. Sephai was appointed on the 25<sup>th</sup> June 2019, as per Council Resolution No. 118 as the MPAC Chairperson.

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 Xhinela
- m. Cllr Njikelane

**\*Clr Salome Letlape passed away on the 8<sup>th</sup> May 2019.**

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	8
2	Auditor General	1
3	Public Participation	6 (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 Matters Referred to MPAC By Council**

DATE	RESOLUTION	DESCRIPTION	ACTION/PROGRESS
27/11/2018	319	Progress report regarding fruitless and wasteful expenditure for 2016/17 financial year.	Done
27/11/2018	320	Progress report regarding irregular expenditure	Done
23/08/2019	101	Tabling of the oversight report on the annual report	Done

## **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.

## **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 2018-19 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**

At 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.

## **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 2019 (IMBIZO): STAKEHOLDERS**

### **PUBLIC PARTICIPATION/COMMUNITY CONSULTATION PROGRAMME ON DRAFT IDP REVIEW 2018/19; MTREF BUDGET AND RELATED POLICIES**

The Rustenburg Local Municipality embarked on a roadshow for presentation of the draft IDP Review 2018/19 and the draft MTREF budget and related policies as guided by Section 17(2)© of the Local Government: Municipal Systems Act No. 32, of 2000 which reads: “A municipality must establish appropriate mechanisms, processes and procedures to enable the local community to participate in the affairs of the municipality, and must for this purpose provide for – © public meetings and hearings by the municipal council and other political structures and political office bearers of the municipality, when appropriate;”

Meetings were conducted as per the schedule below:

**Table 2.8 IDP Review Meetings held**

WARD	CONSULTATION DATE	TIME	VENUE
ALL	16/04/2019	10:00	Old Town Hall
ALL	16/04/2019	14:00	8 <sup>th</sup> Floor Chamber
36	23/04/2019	09H00	Syferbuilt
36	23/04/2019	12H00	Molote City
36	23/04/2019	14H30	Dinie Estates
35	23/04/2019	10H00	Ikemeleng Sports Ground
31	24/04/2019	10H00	Shakhina Church Rd
32	24/04/2019	15H00	Marikana Community Hall
33	24/04/2019	10H00	Nkaneng Sport Ground
34	24/04/2019	15H00	Bokamoso Stop Sign
45	24/04/2019	16H00	Photsaneng Old P.S
29	26/04/2019	10H00	Rankelenyana Sassa Paypoint
30	26/04/2019	10H00	Bethanie Tribal Hall
44	26/04/2019	14H00	Lesung Community
22	26/04/2019	16H00	Sunrise Community Hall
23	26/04/2019	10H00	Makukama SASSA Paypoint
25	29/04/2019	16H00	Monakato Community Hall
26	29/04/2019	10H00	Mamerotse Community Hall
27	29/04/2019	14H00	Btausen Hall
28	29/04/2019	16H00	Rethusegile High School
40	29/04/2019	16H00	Ext 23 Paardekraal Hall
14; 15; 16; 17; 18; 42	29/04/2019	18H00	Rustenburg Old
19	30/04/2019	16H00	Boikagong Primary School
20	30/04/2019	16H00	Next To Library Boitekong
21	30/04/2019	10H00	Joe Ground
12	30/04/2019	16H00	Meriting Community Hall
39	30/04/2019	16H00	Ramochana Sports Ground
24	02/05/2019	14H00	Living By Faith Church
38	02/05/2019	15H00	Freedom Park Taxi Rank
41	02/05/2019	15H00	Seraleng Community Office

WARD	CONSULTATION DATE	TIME	VENUE
43	02/05/2019	17H00	Seraleng Ext 5 Grounds
37	02/05/2019	15H00	Bana Pele Primary School
01	03/05/2019	10h00	Phatsima Community Hall
02	03/05/2019	14H00	Robega Community Hall
03 & 04	03/05/2019	15H30	Luka Clinic
05 & 06	03/05/2019	16H00	Saron Primary School
09; 10; 11; 13	03/05/2019	17h00	Tlhabane Community Hall
08	03/05/2019	17h00	Tlhabane West Primary
07	03/05/2019	16h00	Elshadai Hall

#### **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

**Table 2.9 MASECO Meetings**

No	Details of the Meeting	Total number of meetings held
1	Scheduled	8

## 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 2018/19 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. Reviews of policies, strategies and terms of references for Risk Management Committee mentioned above are conducted.

The municipality has developed a Fraud Prevention Strategy and Implementation Plan and will be conducting Fraud Risk Assessments to improve the management of risk and fraud in the municipality in the last two quarters of the 2019/20.

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 ten (10) risks.

**Table 2.10 High Level Summary of the Top (12) Risks**

Risk No	Strategic Priority	Key Performance Indicator	Risk description at Strategic Objective level	Cause (Risk at Business unit level)	Consequence (Effect)	Inherent Risk Rating	Existing Control	Planned Mitigation
<b>1</b>	<b>Municipal Financial Viability and Management</b>	Number of the mSCOA modules implemented.	Financial system failure resulting in operational deficiencies .	1.Incompatible Financial system to RLM environment. 2. Lack of change management (staff).	1.Loss of data 2. Loss of revenue and damaged stakeholder relationship and non-compliance.	<b>25</b>	Daily meetings with the Service Provider	1. Resuscitate MSCOA Steering Committee. 2. Regular monitoring and reporting on the functioning of the financial system.
<b>2</b>		Percentage collection of revenue billed.	Inability to meet monthly cash commitments and implement budgeted municipal projects and programmes.	Ineffective debt collection and credit control measures.	1. Poor cash flow resulting in No/Low cash reserves and investment. 2. Possible use of conditional grants for operational commitments.	<b>25</b>	1. Incentives schemes to attract payments (interest write backs). 2. Enforce credit control policies and implementing debt collectors SLA.	Performance management of debt collectors .
<b>3</b>		Maintaining a debt coverage ratio of above 100 times.	Inability to service municipal debt (borrowings) and short monthly cash	1. Inadequate revenue enhancement measures 2. Poor cash flow 3.	Poor credit rating/assessment and liquidity, affecting future borrowing and budget funding	<b>25</b>	1. Improved revenue enhancement measures . 2. Improve revenue collection	Regular monitoring and regular staff performance monitoring to deliver

Risk No	Strategic Priority	Key Performance Indicator	Risk description at Strategic Objective level	Cause (Risk at Business unit level)	Consequence (Effect)	Inherent Risk Rating	Existing Control	Planned Mitigation
			commitments.	Inability to collect revenue 4. Incorrect revenue billing.			through aggressive debt collection and credit control.	
4		Maintain a cost coverage of between 1-3 months.	1. Inability to service short term/monthly cash commitment.	Poor cash flow management Inability to collect revenue.	1. Service providers not willing to do business with the municipality 2. Poor credit rating/assessment, liquidity affecting future borrowing and budget funding.	25	1. Improve revenue collection through aggressive debt collection and credit control.	Monthly contributions to reserves/short term investments.
5	<b>Develop and sustain a spatial, natural and built environment.</b>	% Reduction of reported service interruptions.	1. Aged and unreliable infrastructure resulting in increased service interruption.	Material levels not maintained.	1. Increased number of service interruptions and extended durations beyond the service standards.  2. Community unrests.	25	1. Service delivery maintenance plan.  2. Panel of service providers appointed.	1.SLA for supply of materials between DTIS and BTO. 2. Implementation of the Maintenance Plan. 3. Implementation of Capital Projects Infrastructure



Risk No	Strategic Priority	Key Performance Indicator	Risk description at Strategic Objective level	Cause (Risk at Business unit level)	Consequence (Effect)	Inherent Risk Rating	Existing Control	Planned Mitigation
								ture for aged infrastructure.
6		% Reduction of Water losses.	Increased Water losses	Insufficient pressure management, unattended pipe leaks and reservoir overflows.	Negative impact on municipality revenue	25	Implementation of water conservation and water demand management programmes	1. Intensify implementation of Water Conservation and Water Demand Management 2. data cleansing and revenue enhancement strategies
7								
8			Insufficient electricity supply capacity for new developments and within RLM	1. Delay in upgrading of main electrical supply substation (industrial substation) 2. Delay in upgrading of main electrical supply substation. (Voltaire)	1. Severe power outages to Rustenburg Town supplied from Industries substation. 2. Safety risk for operator who operate the equipment 3. Possible future developments within the Boitekong	25	1. The use of maintenance budget for maintenance. 2. Application for grant funding from DOE has been lodged.	1. The use of maintenance budget for maintenance. 2. Application for grant funding from DOE has been lodged.

Risk No	Strategic Priority	Key Performance Indicator	Risk description at Strategic Objective level	Cause (Risk at Business unit level)	Consequence (Effect)	Inherent Risk Rating	Existing Control	Planned Mitigation
				substation)	area without bulk electricity supply.			
10			Insufficient water supply capacity for RLM.	Delay in the completion of Bospoort WTW. (mechanical and electrical scope)	Possible future developments within RLM area without bulk water supply.	25	Engagement with Legal with regards to the progress on the suspended works.	1. Possible deviation to complete the electrical and mechanical works. 2. To resolve legal issues relating to appointed contractor at Water Services Trust.
11	<b>Uphold good governance public participation principles.</b>	number of cases for or against municipality.	High number of litigations. (cases against the municipality)	1. Non-Compliance with MSA, By-laws and Policies. 2. Non-payment of services providers.	High costs of Litigation as a result of claims against the municipality.	25	Disciplinary actions for non-compliance.	1. Consequence management 2. Capacity building (ensuring that there is compliance with legislation : MFMA)

Risk No	Strategic Priority	Key Performance Indicator	Risk description at Strategic Objective level	Cause (Risk at Business unit level)	Consequence (Effect)	Inherent Risk Rating	Existing Control	Planned Mitigation
12	Develop and sustain a spatial, natural and built environment.	Eradication of housing backlog.	Unavailability of suitable land for development.	1. Due to limited land (the municipality does not own most of the land). 2. Some lands have mining rights, which limits their development potential.	Limited land for human settlements development.	25	Request for donation from Mining houses, Provincial Government and sale of land.	1. To buy from private sector. 2. To get donations from State Owned land (Provincial Government).

## 2.5.1 Emerging Risks 2019/2020

**Table 2.10 Emerging Risks for Financial Year 2019/2020**

Risk #	Risk Description	Major Consequences	Risk category	Impact	Risk Rating	Likelihood	Risk Rating	Inherent risk	Risk Rating
1	Misstatements in annual financial statements	Inaccuracy and unreliability on financial statements.	Financial Risk	Critical	5	Common	5	High	25
2	Lack of Contracts monitoring in terms of skills transfer.	Overreliance on service providers even after their time is up with the service they provided.	Financial Risk	Critical	5	Common	5	High	25
3	Annual performance objectives and indicators for RWST not established.	1. Weaknesses in the Governance Structures	Financial Risk	Critical	5	Common	5	High	25
4	Documents not timely available for submission to the Auditor General upon request	1. Impacts on the Audit Opinion 2. Weaknesses in the Internal Control (inadequate filling system)	Financial Risk	Critical	5	Common	5	High	25
5	Dysfunctional Insurance Committee and Loss control committee	Damages to Assets and Loss of Assets	Financial Risk	Critical	5	Common	5	High	25
6	Misstatements in annual Performance	Fruitless and Wasteful Expenditure	Financial	Critical	5	Common	5	High	25

## 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 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 2.11 Rustenburg Local Municipality's By-Laws**

NAME OF THE BY-LAW	PROMULGATED/ GAZETTED AND GAZETTE NUMBER
<b>Community Development By-laws</b>	
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
<b>LOCAL ECONOMIC DEVELOPMENT</b>	<b>PROMULGATED/ GAZETTED AND GAZETTE NUMBER</b>
1. Street trading by-law (in the review process)	11 August 1998 GAZETTE NR 5291
2. Outdoor Advertising by-law	11 October 2019 Gazette NR 8016
<b>DIRECTORATE INFRASTRUCTURE AND SERVICES</b>	<b>PROMULGATED/ GAZETTED AND GAZETTE NUMBER</b>
1. Electricity by-law (adopted by Council, still awaiting to be promulgated)	4 SEPTEMBER 2006 GAZETTE NR 6313
2. Water supply and waste management	10 September 2019 GAZETTE NR 8057
<b>BUDGET AND TREASURY OFFICE</b>	<b>PROMULGATED/ GAZETTED AND GAZETTE NUMBER</b>
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
<b>Public Safety</b>	<b>PROMULGATED/ GAZETTED AND GAZETTE NUMBER</b>
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	11 June 2019 GAZETTE NR 8016
4. Public Passenger and goods by-law	19 February 2004

NAME OF THE BY-LAW	PROMULGATED/ GAZETTED AND GAZETTE NUMBER
5. Problem Building By-law	11 June 2019 Gazette Nr 8016
<b>PLANNING AND HUMAN SETTLEMENT</b>	<b>PROMULGATED/ GAZETTED AND GAZETTE NUMBER</b>
1. Spatial planning and land use management by-law (Reviewed)	29 January 2019
2. Spatial planning and land use management by-law (Reviewed)	20 November 2018, 7955
<b>OFFICE OF THE SPEAKER</b>	<b>PROMULGATED/ GAZETTED AND GAZETTE NUMBER</b>
1. Public participation by-law	1 October 2019 GAZETTE NR 8062
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](http://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 2.12 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: 2017/18	Yes
4	Current annual report: 2018/2019	To be placed after approval by Council in 2020
5	All current Performance agreements (2018/19) required in terms of Section 57(1)(b) of the Local Government: Municipal Systems Act, 2000	Yes
6	The Top Layer SDBIP 2018/2019	Yes
7	Performance Management System Framework 2018/2019	Yes
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: 2018/19)	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 2018/19 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 2018/19 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 2018)	Actual Performance (As at 30 June 2019)
Water	68 795	32 557	25 545
Sanitation	78 774	75 924	85 235
Refuse Removal	120 000	116 535	156 763 (formal, informal and RBA collected areas)
Electricity Including Eskom	48 824	38 716	38068
Roads (Construction and Maintenance: resealing, regravelling and road markings)	100km	10km	3.4km

### 3.1 WATER PROVISION



**Table 3.2 Water Provision**

Financial Performance - 2018/2019 financial year				
WATER				
	17/18 Actuals R 000	2018/19 Budget R 000	2018/19 Actuals R 000	Variance
Total Operating Revenue	750,109	917,078	538,145	378,933
Employee Related Costs	50,359	51,450	61,048	-9,598
Repairs and Maintenance	29,821	31,677	25,042	6,635
Other expenditure	412,036	624,708	528,262	96,446
Total Operating Expenditure	492,216	707,835	614,352	93,483
Nett Operating Profit/ (Loss)	257,893	209,243	-76,207	285,450

**Table 3.3 Water Objectives Per IDP**

WATER OBJECTIVES AS PER IDP: 2017/18 FINANCIAL YEAR						
Strategic Objectives	Key Performance Indicators	2017/18		2018/19		
		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	230 019	230 019	236 931		236 931

**3.2 WASTE WATER (SANITATION) PROVISION****Table 3.4 Waste Water Provision**

Financial Performance - 2018/2019 financial year				
WASTE WATER				
	17/18 Actuals R 000	2018/19 Budget R 000	2018/19 Actuals R 000	Variance
Total Operating Revenue	198,698	391,950	156,332	235,618
Employee Related Costs	5,847	6,065	14,042	-7,977
Repairs and Maintenance	598	3,972	296	3,676
Other expenditure	150,251	210,748	95,553	115,195
Total Operating Expenditure	156,696	220,785	109,891	110,894
Nett Operating Profit/ (Loss)	42,002	171,165	46,441	124,724

Water - Capital Expenditure 2018/2019				
MSCOA Vote Number	Project	Budget 2018/2019	Actuals 2018/2019	Variance
C0057-10/IA06353/F0803/X146/R0333/001/340	Dinnie Estate Borehole Augmentation System	2,850,000.00	1,690,420.62	1,159,579.38
C0057-2/IA06353/F0803/X146/R0333/001/340	Berseba Borehole Augmentation Supply System	1,400,000.00	2,330,522.63	-930,522.63
C0057-3/IA06353/F0803/X146/R0333/001/340	Bethanie Borehole Augmentation Supply System	2,700,000.00	2,421,587.27	278,412.73
C0057-4/IA06353/F0803/X146/R0333/001/340	Modikwe Borehole Augmentation Supply System	1,300,000.00	2,475,752.24	-1,175,752.24
C0057-5/IA06353/F0803/X146/R0333/001/340	Nkaneng Borehole Augmentation System	3,050,000.00	310,687.83	2,739,312.17
C0057-6/IA06353/F0803/X146/R0333/001/340	Legkalong Borehole Augmentation System	2,700,000.00	3,718,350.97	-1,018,350.97
C0057-7/IA06353/F0803/X146/R0333/001/340	Boshhoek Borehole Augmentation System	1,950,000.00	0.00	1,950,000.00
C0057-8/IA06353/F0803/X146/R0333/001/340	Vlakdrift Borehole Augmentation System	1,950,000.00	0.00	1,950,000.00
C0057-9/IA06353/F0803/X146/R0333/001/340	Rietvlei Borehole Augmentation System	2,800,000.00	0.00	2,800,000.00
C0061-2/IA06373/F0803/X146/R3540/001/340	Water Conservation and Demand Management	25,188,067.06	17,826,768.02	7,361,299.04
C0061-5/IA06433/F0002/X146/R0333/001/340	Upgrading Water Infrastructure - Tierkloof	7,500,000.00	2,357,935.03	5,142,064.97
C0139-12/IA06393/F0791/X146/R0333/001/340	_335 - PPEQ - Storm Water/Acquisitions/Municipal Infrastructure/Water Distribution/Whole of the Municipality/Default/DTIS : Water Service /	5,000,000.00	0.00	5,000,000.00
C0139-2/IA06173/F0803/X146/R0333/001/340	Ac Pipes - Protea Park	7,500,000.00	0.00	7,500,000.00
C0139-4/IA06173/F0803/X146/R3520/001/340	Ac Pipes - Noord	7,500,000.00	13,137,929.81	-5,637,929.81
C0195-2/IA06373/F0791/X146/R3528/001/340	Refurbishment of Bulk line and Water AC replacement	10,000,000.00	6,667,196.50	3,332,803.50
C0195-2/IA06373/F0791/X146/R3530/001/340	Refurbishment of Bulk Line & Water AC replacement 1	5,000,000.00	0.00	5,000,000.00
C0195-2/IA06373/F0791/X146/R3531/001/340	Refurbishment of Bulk Line & Water AC replacement 2	5,000,000.00	0.00	5,000,000.00
C0196-2/IA06393/F0002/X146/R0333/001/340	Meters - Bodorp/Zinniaville And	5,700,000.00	2,287,965.94	3,412,034.06
C0198-12/IA06433/F0791/X146/R3513/001/340	Refurbishment of bulk line and Tlhabane water AC replacement	14,841,232.00	25,073,157.31	-10,231,925.31
C0198-13/IA06433/F0791/X146/R3526/001/340	Construction Bulk Water Pipeline - Bospoort	4,000,000.00	0.00	4,000,000.00
C0198-14/IA06433/F0791/X146/R3511/001/340	Phatsima AC Waterpipe Replacements	1,200,000.00	0.00	1,200,000.00
C0198-14/IA06433/F0791/X146/R3523/001/340	Boitekong Water Supply Project	1,200,000.00	0.00	1,200,000.00
C0198-14/IA06433/F0791/X146/R3534/001/340	Replacement Water - Bethanie/ Modikwe	1,200,000.00	0.00	1,200,000.00
C0198-14/IA06433/F0791/X146/R3535/001/340	Marikana and Surrounding Areas Water Supply	1,500,000.00	0.00	1,500,000.00
C0198-14/IA06433/F0791/X146/R3545/001/340	Meriting - Upgrading Water Network	1,000,000.00	0.00	1,000,000.00
C0198-17/IA06433/F0803/X146/R0333/001/340	Maumong Water Supply	0.00	89,391.93	-89,391.93
C0198-17/IA06433/F0803/X146/R3532/001/340	Rankelenyane Water Supply	0.00	451,260.98	-451,260.98
C0198-17/IA06433/F0803/X146/R3549/001/340	Lekgalong Water Supply	0.00	2,607,763.89	-2,607,763.89

C0202-4/IA06433/F0803/X146/R0333/001/340	Rustenburg CBD Water Pipe Replacement	0.00	1,031,314.86	-1,031,314.86
<b>Total</b>		<b>124,029,299.06</b>	<b>84,478,005.83</b>	<b>39,551,293.23</b>

<b>Waste Water - Capital Expenditure 2018/2019</b>				
<b>MSCOA Vote Number</b>	<b>Project</b>	<b>Budget 2018/2019</b>	<b>Actuals 2018/2019</b>	<b>Variance</b>
C0045-1/IA01952/F0791/X139/R0333/001/345	Macharora V.I.P Toilets	625,000.00	0.00	625,000.00
C0045-2/IA01952/F0791/X139/R0333/001/345	V.I.P Toilets	3,558,482.00	0.00	3,558,482.00
C0046-1/IA01952/F0791/X139/R0333/001/345	Upgrading Of The Monnakato Waste Water Treatment Works	5,400,000.00	6,086,104.60	-686,104.60
C0181-10/IA01952/F0791/X139/R0333/001/345	Upgrading - Western Bulk Sewer Lines	8,013,632.00	5,363,850.05	2,649,781.95
C0181-11/IA01952/F0791/X139/R0333/001/345	Replacement - Ac Sewer Bulk Line	10,000,000.00	0.00	10,000,000.00
C0181-8/IA01952/F0803/X139/R3535/001/345	Replacement Of Ac Sewer Pipes - Protea Park	9,500,000.00	0.00	9,500,000.00
C0181-9/IA01952/F0791/X139/R0333/001/345	Replacement Of Tlhabane Ac Sewer Bulk Line	11,668,200.00	17,138,047.62	-5,469,847.62
C0203-13/IA01952/F0791/X139/R0333/001/345	Upgrading & Extension Of The Bospoort Water Treatment Plant	36,838,209.00	0.00	36,838,209.00
C0181-8/IA01952/F0803/X139/R3536/001/345R	Replacement Of Ac Sewer Pipes - Rustenburg Noord	10,500,000.00	0.00	10,500,000.00
C0179-2/IA01952/F0803/X139/R3516/001/345A	Upgrade - Marikana Outfall Sewer	10,000,000.00	1,893,528.33	8,106,471.67
C0181-10/IA01952/F0791/X139/R0333/001/345A	Upgrading - Western Bulk Sewer Lines	8,013,632.00	0.00	8,013,632.00
C0181-11/IA01952/F0791/X139/R0333/001/345A	Replacement - Ac Sewer Bulk Line	10,000,000.00	0.00	10,000,000.00
C0181-10/IA01952/F0791/X139/R0333/001/345B	Upgrading - Western Bulk Sewer Lines	8,013,632.00	0.00	8,013,632.00
C0181-11/IA01952/F0791/X139/R0333/001/345B	Replacement - Ac Sewer Bulk Line	10,000,000.00	0.00	10,000,000.00
<b>Total</b>		<b>142,130,787.00</b>	<b>30,481,530.60</b>	<b>111,649,256.40</b>

**Table 3.5 WATER SERVICES POLICY OBJECTIVES AS PER IDP**

<b>WATER SERVICES POLICY OBJECTIVES AS PER IDP: 2018/19 FINANCIAL YEAR</b>						
<b>Strategic Objectives</b>	<b>Key Performance Indicators</b>	<b>2017/18</b>		<b>2018/19</b>		
		<b>Target</b>	<b>Actual</b>	<b>Original Target</b>	<b>Adjusted Target</b>	<b>Actual Performance</b>
Accelerated delivery and maintenance of quality basic and essential services to all Communities	Percentage of households with access to basic levels of services : Sanitation,	74%	74%	75.5%	-	75.5%
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	-	-	-	-	-

**Table 3.6 Sanitation Capital Expenditure**

SANITATION – CAPITAL EXPENDITURE						
Dep	Item	Vote	Vote Description	Budget 2017/18	Actuals 2017/18	Variance
428	127	2732	MACHARORA VIP TOILETS	0.00	1 509 930.49	-1 509 930.49
428	127	2733	UPGRADING OF THE BULK SEWER LINES TO THE WWTW (WESTERN AREA)	7 000 000.00	9 248 312.52	-2 248 312.52
428	127	2954	REPLACEMENT OF TLHABANE AC SEWER BULK LINE	6 563 730.00	31 008 522.35	-24 444 792.35
				<b>13 563 730.00</b>	<b>41 766 765.36</b>	<b>-28 203 035.36</b>

**3.3 ELECTRICITY PROVISION****Table 3.7 Electricity Provision**

Financial Performance - 2018/2019 financial year				
ELECTRICITY				
	17/18 Actuals R 000	2018/19 Budget R 000	2018/19 Actuals R 000	Variance
Total Operating Revenue	2,067,384	2,080,271	1,367,227	713,044
Employee Related Costs	42,834	46,426	50,107	-3,681
Repairs and Maintenance	11,083	55,621	20,096	35,525
Other expenditure	1,603,007	1,861,239	2,236,270	-375,031
Total Operating Expenditure	1,656,924	1,963,286	2,306,473	-343,187
Nett Operating Profit/ (Loss)	410,460	116,985	-939,246	-822,261

**Table 3.8 Access to Basic Levels of Electricity**

Strategic Objectives	Key Performance Indicators	2017/18		2018/19		
		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	90%	90%	95%	-	95%

**Table 3.9 Electricity**

<b>Electricity - Capital Expenditure 2018/2019</b>				
<b>MSCOA Vote Number</b>	<b>Project</b>	<b>Budget 2018/2019</b>	<b>Actuals 2018/2019</b>	<b>Variance</b>
C0015-1/IA06173/F0786/X032/R0333/001/310	Greater Rustenburg Connections	8,525,000.00	8,576,545.00	-51,545.00
C0015-6/IA06173/F0002/X032/R0333/001/310	Electrification Of Informal Settlements	3,000,000.00	708,102.00	2,291,898.00
C0015-8/IA07100/F0002/X032/R0333/001/310	Preliminary design 33kV cable installation from Waterkloof to Motor City - Design only	400,000.00	0.00	400,000.00
C0016-1/IA07100/F0002/X032/R0333/001/310	Zinniaville - Proper network analysis and compilation of plans for the replacement of bare wire with bundle conductors - Designs only	400,000.00	0.00	400,000.00
C0016-1/IA07140/F0002/X032/R0333/001/310	Karlienkamp - Proper network analysis and compilation of plans for the replacement of bare wire with bundle conductors - Designs only	400,000.00	0.00	400,000.00
C0017-1/IA07100/F0002/X032/R0333/001/310	Rustenburg North - Proper network analysis and compilation of plans for the replacement of bare wire with bundle conductors - Design only	400,000.00	0.00	400,000.00
C0017-1/IA07140/F0002/X032/R0333/001/310	Waterkloof Load Control	6,100,000.00	0.00	6,100,000.00
C0018-1/IA07100/F0002/X032/R0333/001/310	Rustenburg East End - Proper network analysis and compilation of plans for the replacement of bare wire with bundle conductors - Design only	400,000.00	0.00	400,000.00
C0019-3/IA07100/F0002/X032/R0333/001/310	Dinie Estate - Electrification - Bulk line	2,000,000.00	1,265,260.00	734,740.00
C0021-1/IA07100/F0002/X032/R0333/001/310	Preliminary design 33kV cable installation from Hill to future 33kV substation opposite KFC at Mall - Design only	400,000.00	0.00	400,000.00
C0022-1/IA07100/F0002/X032/R0333/001/310	Cashan Ext 7 substation - Design and implementation of project - Design only	400,000.00	0.00	400,000.00
C0023-1/IA07100/F0002/X032/R0333/001/310	Motor City substation - Preliminary compilation of tender documents for the repair and completion of the substation - Design only	400,000.00	-7,826.13	407,826.13
C0089-2/IA06173/F0002/X032/R0333/001/310	Supervisory Ctrl & Data Acquisition (S.C.A.D.A) Sys	2,000,000.00	0.00	2,000,000.00
C0157-1/IA06173/F0002/X032/R0333/001/310	Upgrading - Electricity Network	7,500,000.00	-33,336,335.16	40,836,335.16

Electricity - Capital Expenditure 2018/2019				
MSCOA Vote Number	MSCOA Vote Number	MSCOA Vote Number	MSCOA Vote Number	MSCOA Vote Number
C0015-7/IA06173/F0786/X032/R0333/001/310E	Seraleng Phase 5	1,513,000.00	1,461,455.00	51,545.00
C0015-1/IA07020/F0791/X034/R3528/001/315	Installation of High Mast Light in Robega	4,300,000.00	747,777.50	3,552,222.50
C0015-2/IA07020/F0791/X034/R3549/001/315	Installation of High in Marikana Phase 5	4,200,000.00	1,367,871.75	2,832,128.25
C0015-3/IA07020/F0791/X034/R3522/001/315	Installation of High Mast Light in Mosenthal/ Ikageng	3,200,000.00	1,248,331.99	1,951,668.01
<b>Total</b>		<b>45,538,000.00</b>	<b>-17,968,818.05</b>	<b>63,506,818.05</b>

## COMMENTS ON ELECTRICAL SERVICES

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

**Table 3.10 ELECTRICITY OVERVIEW**

No	Service Provided	Performance		
		Annual Target	Actual	Variance
1	Households electricity connections (Seraleng)	648	648	0

## 3.4 WASTE MANAGEMENT

**Table 3.11 Waste Management**

Capital expenditure 2017/18 Financial Year					
WASTE MANAGEMENT					
Details	2016 -17 Actuals	2017 -18 Budget	2017-18 Actuals	Variance	2018-19
	R'000	R'000		R'000	
<b>Capital project</b>					
MARIKANA-CONSTRUCTION OF TRANSFER STATION	1 252 442				R 4 802 786,89
<b>Total Capital Expenditure</b>	<b>1 252 442</b>				

**Table 3.12 Waste Management Objectives**

WASTE MANAGEMENT OBJECTIVES AS PER IDP: 2017/18 FINANCIAL YEAR									
Strategic Objectives	Key Performance Indicators	2016/2017		2017/2018			18/19		
		Target	Actual	Original Target	Adjusted Target	Actual Performance	Original	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 Formal Households provided with a						100%		110%

WASTE MANAGEMENT OBJECTIVES AS PER IDP: 2017/18 FINANCIAL YEAR									
Strategic Objectives	Key Performance Indicators	2016/2017		2017/2018			18/19		
		Target	Actual	Original Target	Adjusted Target	Actual Performance	Original	Adjusted Target	Actual Performance
	weekly service refuse removal								
	Number of recognised informal settlements provided with a weekly refuse removal service						24		11
	Number of jobs created through Expanded public Works Programme by 30 June 2019.	-	1	150	-	210	210		445
	Percentage Implementation of Recycling Programmes within the RLM jurisdiction by June 2019.	-	100%	100%	-	100%			
	Number of recycling drop off facilities within RLM by 30 June 2019						1		1

## 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 Contract for Katlego Baphiring was extended on a month to month basis. Despite the extension, the Municipality was not being able make a long-term appointment in this regard. The municipality also covers some areas within its jurisdiction. There is a dedicated team for street cleaning and illegal dumping services. Over 100 illegall dumping areas were cleaned during the financial year. 156763 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 buildings were 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. Quarterly internal audits are conducted by the Integrated Environmental

Management Unit to ensure that the Municipality complies with license conditions. To date the site is 77% compliant to license conditions and non-compliant conditions are mainly water and gas monitoring. The Municipality has a budget of R152 000, that will be used to ensure that either gas or water monitoring is done in the second quarter of the new financial year.

(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

During the financial year, the site had a small-scale recycling facility which was fully operational and handling various recyclables categories salvaged from the site. About 12 tonnes per month were diverted through this operation. The service provider was then terminated during the financial year and the new process had to be restarted.



## **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. The Municipality is currently engaging local recyclers to occupy the site on full time basis and the site is almost complete, to minimise theft and vandalism that delayed the project in the past few years.
- 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 this 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 conditions that all interested parties are 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 was established, which resulted in the Municipality having to engage the National Treasury, Department of Cooperative Governance and Traditional Affairs and the Department of Environmental Affairs. During these engagements, National Treasury discovered lot of loopholes that resulted in the collapse of the process, that Council approved. The Municipality is engaging potential funders such as the Development Bank of Southern Africa (DBSA) and the Department of Environmental Affairs for the funding of closure and rehabilitation of Townlands Landfill site.

## **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. Additional 60 EPWP were seconded to the Waste Management Unit from the Project Management Unit to keep the taxi rank clean. 10 more EPWP were appointed through Cooperatives drive of the municipality.

### 3.5 ENVIRONMENTAL MANAGEMENT SERVICES

---

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 2018/19

- 18 EIA applications received and evaluated
- 8xRezoning/lease/special consent applications received and evaluated.

The evaluation was based on the Environmental tools such as

- Rustenburg Local Municipality Environmental Management Framework,
- EIA Regulations of 04 December 2014 as amended (07 April 2017) 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 2018/19 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

3.5.1 38 x vehicle emissions testing using the Hartridge Smoke meter were conducted

3.5.2 1 x admission of guilt fines were issued.

**Spray painting section 19 of the abovementioned By-law**

- i. 4x Warnings/Abatement letters were issued

**Dust Emissions section 16 of the abovementioned By-law**

3.5.3 8x Warnings/Abatement letters were issued.

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

3.5.4 3x 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.

3.5.5 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.

- i. 32x warning/Abatement letters issued.

- b. Environmental Audits.

4x Quarterly Internal Environmental Compliance Audits were conducted at Waterval Landfill site to ensure compliance with the conditions of the landfill license.

6x Quarterly Internal Environmental Compliance Audits were conducted at municipal wastewater treatment works, Municipal stores and Electrical department to ensure compliance with the conditions of the environmental authorizations issued.

3.5.5 NEMA section 30 Control of Emergency Incidents.

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

- 1x oil spillages by backyard mechanics around the Rustenburg CBD.

**3.5.6 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. General, there is an improvement in the ambient air in the Rustenburg Local Municipality due to less exceedances recorded.

## **COMPONENT E: COMMUNITY FACILITIES**

### **INTRODUCTION**

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

### **3.6 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 utilizing municipal swimming pools during the Operational Season has decreased due to high entrance fees which will then be rectified.

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
- 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.

### 3.7 CIVIC CENTRE AND COMMUNITY HALLS

The unit is responsible for effective functioning of the community halls and the Civic Centre.

**Table 3.13 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 Not yet in the Municipality asset register
20	Molote City (handed over by District Municipality)	36 Not yet in the Municipality asset register
21	Mamerotse (handed over by District Municipality)	28 Not yet in the Municipality asset register

Utilization of the facilities (halls and civic center) has increased with an average of 107 paid bookings per month. The challenge of free use is also as high with an average of 70 free use requests per quarter.

#### 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
- Frequent free use of facilities

### 3.8 LIBRARIES

#### INTRODUCTION

The aim of municipality's libraries is to focus on programmes such as readership, literacy, family literacy, literature and writing.

#### OUTREACH PROGRAMMES

In this financial year, the municipality managed to provide Library service to 31 of the 45 wards. A number of Readership and Outreach Programmes were presented during 2018/2019 Financial Year to promote reading and library services to areas without access to library and information services as outlined during the 2018/19 Executive Mayor budget speech on 12 June 2018 where as per the Municipal Systems Act, section 26 (b) which states that "an assessment of the existing level of service in the municipality, which must include an identification of communities which do not have access to basic municipal services" should be undertaken. Mobile library Services were provided in Bethanie, Rankelenyane, Syferbult and Freedom park as per the outline below:

**Table 3.14 Outreach Programmes**

Programme	Key Focus Area	Library
Literacy Month Event	Storytelling and toy sessions	Rankelenyane and Freedom park
SA Library Week	Promotion of a reading culture	Freedom park, Rankelenyane, Bethanie Syferbult.
World play day	The focus is to highlight the importance of play in the developing child	Syferbult, Bethanie, Rankelenyane, Freedom Park

The municipal libraries also presented education and awareness programmes during the various commemorative periods like literacy month, SA library Week, World book day etc.

#### LIBRARY ACHIEVEMENTS

- There were refurbishments of facilities/library buildings (i.e. Rustenburg Library funded from conditional grants from the Department of Arts, Culture, Sports and Recreation as well as Karlienpark funded from municipal budget).
- There were three libraries which were extended with source of funding also being conditional grants from the Department of Arts, Culture, Sports and Recreation (i.e. Phatsima, East End and Monnakato libraries) bringing job opportunities to communities within these projects.

#### Civil Facilities

The Civil Facilities Unit of the Directorate is responsible for the maintenance of all municipal buildings. The unit managed for fix bathrooms at Rietvlei, Phatsima and Monakato Cemeteries that were vandalized. In addition minor work was undertaken at the following buildings: Waste, Electrical and Parks. The Unit's major project was the upgrading of the Mpheni Precinct.

A tender was advertised for the upgrade of Mpheni Precinct. A site inspection was held on the 17<sup>th</sup> October 2018 and subsequent informal ones after that and the tender closed on the 19<sup>th</sup> November 2019. Drop Dot was appointed as the successful tenderer for this project. The specification of the

project required the consultant to design the upgraded Mpheni Precinct which is composed of the Main Mpheni building, Old Town Hall and the Bojanala Offices Building. The appointed consultants, Drop Dot submitted assessment reports. The cost of implementing the full project in this regard was estimated at R 290m.

Due to the inability of the municipality to fund this project, a decision was then made to downgrade the project to just upgrade elements that would enable the municipality to reach compliance levels as required by the Department of Labour. As such the consultant was requested to amend the project cost for implementation in the new financial year.

## COMPONENT F: PLANNING AND DEVELOPMENT

### 3.9 PLANNING AND HUMAN SETTLEMENT

---

#### INTRODUCTION

The Directorate Planning and Human Settlement consists of four Units: Estate Administration and Land Sales; Building Control and Regulations, Development Planning and Housing Provision. The directorate's main function is to ensure that development occurs in line with Spatial Development Framework, Land Use Management Scheme and Rustenburg Land Disposal Policy. Further it contributes to ensuring that there is a conducive environment for the creation of sustainable human settlements.

#### ESTATES ADMINISTRATION AND LAND SALES

#### BUILDING CONTROL AND REGULATIONS

All work must be executed in accordance with the provisions of the **National Building Regulations and the Building Standards Act 1977 (Act 103 of 1977)**, the Town Planning scheme and/or any other applicable legislation.

Under the rule no person may erect, alter add to, or convert any building without the prior approval of the Local Authority.

Amendment on the Regulation came into effect **on 11 November 2011** to incorporate **the eco or green building standard** such as **energy efficiency** in buildings.

#### Core functions

- Provide client orientation (**establish innovative operational methods**).
- 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 (**Building & drainage inspections**).
- Law Enforcement serving contravention notices and fines. (**ensure public awareness**).
- Evaluate and **approve demolition applications**.

Building plans were received and circulated to other technical department measured as follows:

**Table 3.15 Building Plans**

1 <sup>st</sup> Quarter 2018	258 plans received
2 <sup>nd</sup> Quarter 2018	151 plans received
3 <sup>rd</sup> Quarter 2019	157 plans received
4 <sup>th</sup> Quarter 2019	143 plans received
<b>Total</b>	<b>709 plans received</b>

**Income generating activities:**

- Building plan fees and legal fines issued to contraveners.
- Monitoring and evaluating trends on income generated and operating expenditure.
- Reviewing tariff increase annually.
- Ensuring that annual income targets are achieved.

Rand value for building plans application submitted by 30 June 2019

**Table 3.16 Rand Value for Building Plans**

<b>Vote Number</b>	<b>Vote description</b>	<b>Original budget</b>	<b>Income generated</b>
165 017 1032	Building Plan fees	R795 849	R687 098



## **DEVELOPMENT PLANNING**

The Municipality has a Municipal Planning Tribunal and Land Development Officers that considers land use amendment applications that has been submitted, this is in terms of the Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013).

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 a process to attract investors for the precinct plans during the financial year under review. Precinct plans that clearly stipulated the development processes and procedures were completed for the following areas:

- Tlhabane
- Monnakato
- Phatsima
- Marikana
- Lethabong
- Boitekong

Only Monnakato precinct was able to attract investors for the year under review.

## SERVICE STATISTICS: TOWN PLANNING

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

**Table 3.17 Land Use Amendment Applications**

No	Details	Formalization of Townships		Rezoning	
		2017/18	2018/19	2017/18	2018/19
1	Planning applications received	3	3	190	53
2	Applications withdrawn / Not approved	0	0	0	0
3	Applications outstanding at the end of the year	2	3	20	33

## HUMAN SETTLEMENT

### Housing Provision

The Unit Housing Provision has four sections, namely Subsidy Programme and Beneficiary administration, Planning Implementation and Research, Urban Renewal & Human Settlement Redevelopment and Monitoring & Control of Informal Settlement Housing. The key functions of the Unit are the administration of Municipal housing rental stock, facilitation of the development of government sponsored housing, housing research and planning and monitoring and upgrading of informal settlements.

### Progress of the existing Housing Development Projects

**Table 3.18 Housing Development Projects**

Project	Programme	Units	Progress	
Dinie Estate	In-situ	484	Foundation	145
			Wall Plate	121
			Completion	278
Seraleng	Relocation	557	Foundation	557
			Wall Plate	557
			Completion	557

Bokamoso	Greenfield	1600	Foundation	620
			Wall Plate	410
			Completion	0

## COMPONENT G: ROAD TRANSPORT

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

### 3.10 ROADS AND STORMWATER

#### 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 3.19 Roads and Transport**

Financial Performance 2018/19 Financial Year				
ROADS AND TRANSPORT				
Details	2016 -17 Actuals	2017 -18 Budget	2018 -19 Actuals	Variance
	R'000	R'000	R'000	R'000
<b>Total Operating Revenue</b>	313 037	184 036	287 409	-103 373
Employee Related Costs	36 461	39 895	39 894	1
Repairs and Maintenance	18 820	27 655	27 655	0
Other Expenditure	42 053	283 853	374 550	-90 697
<b>Total Operating Expenditure</b>	97 334	351 403	442 099	-90 696
Net Operating Profit/ (Loss)	215 703	-167 367	-154 690	-12 677

**Table 3.20 Roads and Stormwater Objectives**

ROADS AND STORMWATERTER OBJECTIVES AS PER IDP: 2018/19 FINANCIAL YEAR						
Strategic Objectives	Key Performance Indicators	2017/18		2018/19		
		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 STORMWATERTER

The Roads and Stormwaterter in 2018/19 upgraded and maintained about 140km of roads through paving, road marking re-gravelling of rural roads including installation of speed humps and road signs. New fleet was bought by the Municipality which improved service delivery and general response time to incidents reported by the community.

The directorate has 133 full time employees and continues to strive to ensure service delivery is improved in terms of service delivery for roads and stormwaterter. Programme aimed at integrated service delivery across the Municipal Departments including “Redirela Sechaba” and “Thuma Mina” were prioritized as way of involving more community participation and improving the municipal services.

#### 3.11 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 2018/19 Financial Year**

**Table 3.20 Roads and Transport Capital Expenditure**

<b>Capital expenditure 2018/19 Financial Year</b>			
<b>ROADS TRANSPORT</b>			
<b>Details</b>	<b>2017-18 Budget</b>	<b>2018-19 Actuals</b>	<b>Variance</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Capital project</b>			
Infrastructure Municipal Infrastructure Grant Funded Roads			
Rustenburg Rapid transport – Public Transport Network Grant (PTNG)	241 445 703	R 255 725 514	

**Table 3.21 Roads and Transport Objectives**

RUSTENBURG ROADS AND TRANSPORT OBJECTIVES AS PER IDP: 2018/2019 FINANCIAL YEAR							
Strategic Objectives	Key Performance Indicators	2017/18		2018/19			Comments
		Target	Actual	Original Target	Adjusted Target	Actual Performance	
Improved public transport infrastructure	Improve Public Transport	3.4 km of	2.9km	100%	96%	86%	Contractual dispute delayed the project
	Improve roads & stormwater service delivery	100km	140km	100km	100km	140km	

**Table 3.22 PTNG Funds**

FINANCIAL ACCOUNTING FOR PTNG FUNDS RECEIVED AND EXPENDED			
NO.1	Details	2017 -18	2018-19
		R'000	R'000
1	PTNG FUNDS - APPROVED ROLLOVER	0	0
2	PTNG FUNDS - APPROVED ALLOCATION	R 314 000	R298 629
3	ADDITIONAL FUNDS	0	R98 000
4	<b>TOTAL FUNDS RECEIVED</b>	<b>R 314 000</b>	<b>R396 629</b>
5	TOTAL PTNG FUNDS SPENT TO DATE	R 314 000	R214 629
6	<b>PERCENTAGE FUNDS SPENT</b>	<b>100%</b>	<b>54%</b>

**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.

Part of the project has upgraded other services including electrical and water lines which are important for future development of our CBD. Over 20 local SMMEs have been part of the construction implementation and over 94 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.

### 3.12 LICENSING AND TESTING SERVICES

---

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

##### **Background**

The Unit is having two sections namely Registering Authority and Testing Services;

*Registration and Licensing is rendering the following basic services; not limited to the following,*

- Register and license motor vehicle as sanctioned by National Road Traffic Act '93 of '96, National Road Regulations 2000, eNatis Security Policy, Registration manual....
- Renewal of Motor vehicles license – reg.
- Scraping and issuing of Vehicle clearance
- Update details of motor vehicle
- Introduce build-up vehicles and trailers
- Introducing Natural persons, register bodies and companies
- Issuing of Traffic Register certificate to Foreign nationals
- Issuing of Temporary /Special permits to vehicles and Car dealership

*Driving License Testing Centre (DLTC) and Vehicles Testing Stations (VTS) renders basic services; not limited to the following,*

- Examination of Vehicles' for Roadworthiness and certificate of fitness (both Light & Heavy motor vehicles)
- Renewal of Professional Driving Permits (for Dangerous Goods & Passengers) and Card Type Driving Licenses
- Test of Applicants for Learners and Driving Licenses (Categories; codes A, A1, B, EB, C1, C, EC1 & EC

##### **Successes**

- Marikana Registering Authority was finally Launched and operationalised on the 12 April 2019 by the Honourable M.E.C of Community Safety & Transport Management, Mpho Motlhabane & Executive Mayor Mpho Khunou.
- The station rendered services using officials from Rustenburg Registering Authority until four Licensing Clerks, one Examiner & one Management Representative were permanently employed.
- Two generalist workers of Robega Registering Authority were also permanently employed after years of temporary contract.

### **Challenges Faced**

- An estimated amount of R650 000.00 is needed for the construction of Public Toilets and Parking Shelter at the Marikana Registering Authority.
- Learners License Class at Marikana Testing Station is not yet operational due to delay in releasing infrastructure numbers and assessment of Examiner and Management Representative by the Provincial Department.
- The replacement of Weigh bridge is currently suspended because of financial constraints for this financial year.
- Appointment of Two (2) Supervisors for Marikana Station, Licensing and Testing are yet to be advertised by Corporate Support Services in the Licensing and Testing Unit.
- Robega Station is yet to install the Live Capturing Unit for the renewal of Drivers Licenses

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

**Table 3.23 Operations at the Registering Authority**

No	Details	Actual Performance		Revenue Generated	
		2017/18	2018/19	2017/18	2018/19
1	Number of vehicle licenses issued	118299	107 506	R 90 626 347.50	R 77 210 893.50
2	Number of vehicles tested	33377	252	R 7 184 716.80	R 112 278.00
3.	No of License Penalties	43962	24 368	R 3 384 258.00	R 6 486 702.74
4.	Number of vehicles registered	1888	32081	R 127 848.00	R 6 024 860.00
5.	Number of registration penalties	1324	1154	R 701 310.00	R 75 804.00
6.	Number of Driving License Renewals	21316	25845	R 5 143 962.00	R 5 737 590.00
7.	Number of Driving License tests	6296	5130	R 1 553 622.00	R 1 260 900
8.	Number of learners tested	6470	4966	R 1 548 516.00	R 625 716.00
9.	Number of PrDPs issued	6182	6507	R 419 328.00	R 2 811 024.00
10.	Number of Permits issued	1111	916	R 1 018 176.00	R 838 464.00
11.	Number of MV License Arrears	25172	18 247	R 4 385 175 .83	R 4 064 944.24
12.	Number of duplicate deregistration cert	1557	1850	R 341 214.00	R 407 814.00
13.	Number of vehicles scrapped	1657	457	R 34 408.17	R32 951.75



No	Details	Actual Performance		Revenue Generated	
		2017/18	2018/19	2017/18	2018/19
14.	No of Traffic Register (form used by Foreigners to buy vehicles)	852	0	R 0.00	R0.00
15.	Number of learner's license test issued	2236	2302	R 281,736.00	R 290 052.00
16.	Duplicate of Learners License	282	221	R 34,650.00	R 27 846
17.	Temporary Driving License	15084	18029	R 992 460.00	R 1 514 436.00
18.	Application for Roadworthy	811	262	R 189 504.00	R 114 378
19.	Vehicles brought for Weighbridge	83	0	R 8 300.00	R 0.00
20.	Confirmation of Driving License	25	33	R1 575.00	R 2 079.00
21.	Transaction Fees –RTMC	73193		R 4 375 190.00	
22.	Other License Fees	135		R 13 640.00	
<b>TOTAL REVENUE</b>					

**Table 3.24 Financial Performance**

FINANCIAL PERFORMANCE 2018/19 FINANCIAL YEAR					
TESTING AND LICENSING			R'000		
Details	2017/18	2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance
Total Operating Revenue	14,162,905	177,550,352	161,928,489	101,494,656	60,433,833
Employees	22,603,664	27,674,709	27,574,712	16,559,001	11,015,711
Repairs and Maintenance and Other	129,829	386,306	386,305	-	386,305
Other	2,699,224	107,624,297	1,576,085	93,414,451	- 91,838,367
Total Operating Expenditure	25,432,717	135,685,311	29,537,102	109,973,452	- 80,436,351
Nett Operational Expenditure	- 11,269,812	41,865,041	132,391,387	- 8,478,797	140,870,184

**Table 3.25 Licensing and Testing**

LICENSING AND TESTING OBJECTIVES AS PER IDP: 2018/19 FINANCIAL YEAR						
Strategic Objectives	Key Performance Indicators	2017/18		2018/2019		
		Target	Actual	Original Target	Adjusted Target	Actual Performance
Basic Service Delivery and Infrastructure Development	Number of schools enrolled for learner's license project.	34	22			

- 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

## **COMPONENT H : SAFETY AND SECURITY**

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

### **3.13. 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.

## Law enforcement and traffic statistical data

**Table 3.26 Financial Performance**

No	Details	2017/18	17/18	18/19	2018-19
		Actual	Target	Target	Actual
1	Number of traffic accidents for the year (minor)	4399	None	None	4388
2	Number of fatalities for the year	20	None	None	7
3	Number of by-law infringements attended for the year	5000	4399		
4	Number of traffic fines issued during the year	20 094	18 000	19 000	19734
5	Number of traffic officers on duty on an average day	8	30	30	26
6	Number of law enforcement officers on duty on an average day	28	40	40	28
7.	Number of multidisciplinary operations	84	8		
8.	Number of schools enrolled for Learners License Class	30	8		

## Financial Performance 2018/19 Financial Year

**Table 3.27 Financial Performance**

FINANCIAL PERFORMANCE 2018/19 FINANCIAL YEAR					
LAW ENFORCEMENT UNIT			R'000		
Details	2017/18	2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance
Total Operating Revenue	374,296	444,062	444,062	98,208	345,854
Employees	22,301,220	26,083,491	26,183,492	27,565,373	- 1,381,881
Repairs and Maintenance and Other	-	-	2,000,000	-	2,000,000
Other	280,726	7,576,489	596,490	280,308	316,182
Total Operating Expenditure	22,581,947	33,659,980	28,779,982	27,845,681	934,301
Nett Operational Expenditure	- 22,207,651	- 33,215,918	- 28,335,920	- 27,747,473	-588,447

## Financial Performance 2018/19 Financial Year

**Table 3.28 Financial Performance**

FINANCIAL PERFORMANCE 2018/19 FINANCIAL YEAR					
Traffic Services			R'000		
Details	2017/18	2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance
Total Operating Revenue	4,026,652	17,102,827	7,094,741	2,479,735	4,615,006
Employees	39,219,560	45,871,988	45,771,987	50,971,135	- 5,199,148
Repairs and Maintenance and Other	88,146	166,293	26,936,000	23,735,089	10,596,292
Other	13,053,222	35,918,819	15,796,612	5,200,320	8,598,054
Total Operating Expenditure	52,360,928	81,957,100	88,504,599	79,906,544	8,598,054
Nett Operational Expenditure	- 48,334,276	- 64,854,274	- 81,409,858	- 77,426,809	- 3,983,049

### 3.14 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.

## Objectives of Firefighting Services

**Table 3.29 Financial Performance**

No	Details	2017-18	2017-2018	2018-19	2018-2019
		Target	Actual	Target	Actual
1	Total number of fires attended to during the year	None	302	302	194
2	Total number of fatalities	None	27	27	21
3	Total number of other incidents attended to during the year	None	12	12	None
4	Total number of special services attended to during the year	All	23	23	21
5	Average response time – urban areas	5min	10-15 min	10-15 min	10-15 min
6	Average response time – rural areas	10min	15-25 min	15-25min	15-25 min
7	Total number of fire fighters employed	8	None	None	12
8	Total number of firefighting equipment/appliances	1	None	None	229
9	Average number of broken equipment	None	10	None	0
10	Total revenue collected on operational calls	None			

**Performed the following activities during the Community Fire Safety Awareness Campaigns that were undertaken during the period under review (2018/2019):**

- 202 x Fire By-Law Enforcement Conducted
- 35 x General Fire Safety Inspections
- 284 x Transport Permit Issued
- 122 x Flammable Liquid Registration
- 177 x Fire Plans attended

### 3.15 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.

## **Disaster Management Services Data**

**Table 3.30 Financial Performance**

No	Details	2017/18	2017/18	2018/19	2018/19
		Target	Actual	Target	Actual
1	Total number of households affected by fire during the year	None	84	None	100
2	Total number of fatalities	15	3	15	15
3	Total number of other incidents attended to during the year	50	30	50	50
4	Total number of special services attended to during the year (Safety at Sports and Recreational Events)	50	10	50	50
5	Average response time – urban areas	2 hours	2x days	2 hours	2 hours
6	Average response time – rural areas	3 hours	2x days	3 hours	3 hours
7	Total number of Disaster Management personnel employed	16	4	0	Deployed 4
8	Total number of Disaster Management Services	0	0	0	229
9	Average number of broken equipment	0	0	0	0
10	Total revenue collected on operational calls				

**Performed the following activities during Disaster Management Services activities undertaken during the period under review (2018/2019):**

- 189 x Risk assessments and Rapid incidents assessment
- 10 x Education and Awareness Campaigns
- 2 x Exhibitions
- 1 x Workshops
- 28 x Attending to Advisory Forums and Ad- Hoc Committee meetings

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

### **Service Delivery Key Performance Areas**

**Table 3.31 Financial Performance**

<b>No</b>	<b>Key Performance Area</b>	<b>Details</b>	<b>Progress Made</b>
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 2015/2016financial year: Disaster Management Plan, Emergency Plan and Relief Policy	The Disaster Risk Management Plans were approved by Council.
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	Four (4) Awareness Campaigns were conducted.

No	Key Performance Area	Details	Progress Made
		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.	
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 eg Fire, storms and floods were assisted and referred to the relevant stakeholders for further assistance. Eg 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



## Financial Performance 2018/19 Financial Year- Emergency and Disaster

**Table 3.32 Financial Performance**

FINANCIAL PERFORMANCE 2018/19 FINANCIAL YEAR					
EMS	R'000				
Details	2017/18	2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance
Total Operating Revenue	718,202	579,868	710,297	765,760	-55,463
Employees	24,684,205	27,844,491	29,326,142	28,371,442	954,700
Repairs and Maintenance and Other	101,387	264,046	1,971,117	204,709	1,766,408
Other	5,780,287	10,601,478	7,614,410	158,103	7,456,307
<b>Total Operating Expenditure</b>	<b>30,565,879</b>	<b>38,710,015</b>	<b>38,911,669</b>	<b>28,734,254</b>	<b>10,177,415</b>
<b>Nett Operational Expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-10,232,878</b>
	<b>29,847,677</b>	<b>38,130,147</b>	<b>38,201,372</b>	<b>27,968,494</b>	

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

**Table 3.33 Performance of Law Enforcement**

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: <ul style="list-style-type: none"> <li>• Multi-disciplinary Operations</li> <li>• Execution of illegal trading in the CBD and Taxi Rank on daily basis:</li> <li>• Enforcement of Impoundment By-Law</li> <li>• Execution on non-compliance on Fire by-laws</li> <li>• Regulation of point duties on R510 and R24 road on daily basis</li> <li>• Issuing of parking offences in the CBD</li> <li>• Removal of illegal advertisement on municipal land.</li> </ul>

OPERATION	ACHIEVEMENTS
	<ul style="list-style-type: none"> <li>• Rendering of security and escorts during mayoral outreach visits and VIP'S, International, National and Local events</li> <li>• Enforcement of illegal connection of water and electricity.</li> <li>• Enforcement of illegal dumping by-law</li> <li>• Mine Crime Combating Forum (MCCF)</li> <li>• Municipal Intervention Scheme and Patrols (MISAP) and Community Safety Patrollers Programme</li> <li>• Enforcement of Public Gathering's Act</li> <li>• Inspectors of Licenses at motor vehicle dealerships</li> <li>• Conflict Resolution Committee</li> <li>• Land use by-law enforcement</li> <li>• Establishment of Community Policing Forum</li> <li>• Joint Crime Prevention/ Multi-disciplinary operations</li> <li>• Serving in various Joint Operating Coordinating Committee, Cluster Joint Operating Coordinating Committee and Priority Committees for Special events.</li> </ul>
<b>Valuation Services</b>	<ul style="list-style-type: none"> <li>• Valuation in this instance may take two forms i.e. Adhoc and Valuation in terms of the Municipal Property Act. The purpose for the former valuation is to determine the market value of the municipal property to be disposed or leased.</li> <li>• In this regard the Unit: Legal and Valuation assists Directorates in the facilitation for the appointment of professional valuers as well as to provide all the information to the Valuer.</li> <li>• With regard to valuation in terms of the Municipal Property Act, the Municipality has already appointed a municipal valuer who is responsible for the compilation of the valuation roll as well as the supplementary roll.</li> <li>• In terms of the case law on Macssand matter that was before the Supreme Court of Appeal, the Unit Legal and valuation has advised the Valuer to conduct valuation on all the mining properties in order to enhance our revenue. Previously the mines were evaluated on the value of agricultural land and not on the type of business that they are running.</li> </ul>
<b>By Law Services</b>	<ul style="list-style-type: none"> <li>• The Unit: Legal and Valuation is also assisting the Municipality in discharging its legislative obligation. In this regard, the unit has been developing and reviewing by laws for purpose of enforcement by Law Enforcement Unit as well as other Units.</li> <li>• During the period under review, the unit managed to introduce new bylaws (4) which one was approved and</li> </ul>

OPERATION	ACHIEVEMENTS
	promulgated and the three by-laws are to be approved by the Council. A total number of 6 bylaws (water supply by-law, electricity by-law, waste management by-law, cemetery by-law, Parks and Open Space by-law and Swimming Pool bylaws have been reviewed and four of these by-laws have been approved and promulgated.
Safe and Clean City	The Vision of the municipality says 'A world class city where all communities enjoy a high quality of life'. The aim of the programme is to achieve the above mission. IGR has been engaging with different stakeholders such as Taxi Associations, Business Forums, Government Departments, NGO's CBO's Church Organisations etc. to discuss roles and responsibilities of each stakeholder in order to achieve the mission.
Community Outreach	IGR has embarked on many community outreaches for Government departments to bring services closer to the people. Of lately, IGR has invited all the relevant stakeholders to the community outreach at Dinnie Estate on the 18 August 2017

## COMPONENT H: LOCAL ECONOMIC DEVELOPMENT

### 3.16 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 economic sustainability of the area. Over-reliance on mining creates 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 in 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 activities undertaken focused on the 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 functions, there are three (3) Units within the directorate that are tasked with implementation of the local economic development diversification 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 within the Rustenburg Local Municipality. The unit focuses on Business Development Support, Informal Trading Support, Co-operative Development and Job Creation.

In facilitating access to employment opportunities for local residents, a number of job opportunities were created through various Municipal programmes and these included 500 general workers appointed through the Community Development Programme of cleaning Municipal facilities, sidewalks, grass cutting and pruning of trees; at least 55 were employed through the RRT construction of stations project; other job opportunities were created through the Municipality capital projects across Municipal wards, and private sector projects in the municipal jurisdiction .

Under Business Development Support, about 31 local SMMEs have been assisted with market development and linkages for sub-contracting through the Municipal and Private Sector capital projects. The unit is continuously engaging with internal departments and private development investors to sub-contract and develop SMMEs and co-operatives in the construction sector. The unit has succeeded in the implementation of the 30% sub-contracting allocation to develop local emerging contractors. The Municipality has also signed an agreement with the Department of Public Works to implement a learner contractor development programme, to support the SMMEs in the construction sector.

Local enterprises have also been offered other business support services which includes compliance registration, business advisory, capacity building and networking platforms. A total of 3 976 SMMEs and co-operatives were provided with development support interventions. The interventions for the Co-operatives, SMMEs and informal traders were in collaboration with the following stakeholders: CIPC; SARS; SEDA; SANRAL; FEED; DMR; CIDB; Department of Labour; ABSA; ARC; Buhle Academy; READ; DTI; NWDC; SANACO; AIDC; Eskom and SEFA. The directorate relies highly on the collaboration with other stakeholders in order to support the emerging local enterprises. Collaborating on enterprise development initiatives allows the directorate to leverage on professional, technical and capital resources that the municipality does not have, in order to achieve the set goals of developing sustainable business and create work opportunities. The directorate has started identifying stakeholders (AIDC and LEPHARO) in the manufacturing, industrial development and green economy, to incubate and support emerging local enterprises in these sectors. These sectors exist in the Rustenburg area and have a high potential of growing and creating jobs for the future economy.

### **Unit: Rural Development**

The Rural Development is responsible for the coordination of specialized economic development support in rural communities of the Municipality. The unit is responsible for Agricultural and Agro-processing Development, Tourism, Arts, Culture and Heritage development.

These focus areas have been supported by the following projects:

The 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.

The Tourism Sector Development has identified numerous activities supporting the Municipality's vision of developing Tourism as one of the key sectors to diversify the local economy. The Directorate continues to participate in the annual Tourism Indaba and related exhibitions in ensuring that Rustenburg is represented in 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 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 by-Laws, policies and supports other units in the analysis, and implementation of national and provincial legislation.

Projects undertaken by the unit include the following:

The Implementation of the Business Act, no. 6 of 1997 in terms 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 implementing business related policies, by-laws and other regulations in collaboration with other government departments. The committee will also be responsible for issuing business licenses to formal, informal businesses and the management of Outdoor Advertising.

The Green Economy development programme for local SMMEs, which 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 has been 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 specific collaboration with the Directorate: Community Development to ensure that entrepreneurs access municipal and other industry/corporates waste products. Directorates: Planning and Human Settlements, Technical and

Infrastructure Services, Budget and Treasury Office shall be approached for technical support and advice when needed.

**Draft Investment Incentives Policy:**

The policy is aimed at attracting potential investors for high-impact, catalytic projects into the municipality, through the use of financial and non-financial rebates. The draft is 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 and Valuations, to ensure that it meets the standards set by government. Other work on the management of the outdoor advertising function include the auditing of the existing billboards which is underway to identify non-compliant outdoor advertising and identify additional potential platforms for increased revenue generation from outdoor advertising.

The unit has also started focusing on establishing capacity for knowledge management that 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.

## LED STRATEGY IMPLEMENTATION

**Table 3.34 Priority Sectors**

SECTOR	PROJECT
Manufacturing and industrial development	<ul style="list-style-type: none"> <li>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.</li> </ul>
Tourism	<ul style="list-style-type: none"> <li>RUSTENBURG GATEWAY PRECINCT (Convention Centre &amp; Hotel, Rustenburg Flea Market and Revitalization of the Showgrounds</li> </ul>
	<ul style="list-style-type: none"> <li>The Masterplan has also identified the Platinum Theme Park</li> </ul>
Education	<ul style="list-style-type: none"> <li>Educational Hub (University of Technology and Centre of Excellence)</li> </ul>
Agriculture	<ul style="list-style-type: none"> <li>The development of the Rustenburg Fresh Produce Market</li> </ul>
	<ul style="list-style-type: none"> <li>Agricultural Development Support Programme aimed at supporting various agricultural projects across Rustenburg to promote the development of the agriculture sector</li> </ul>
Green Economy	<ul style="list-style-type: none"> <li>Green Economy Development to support development of SMMES and create alternative industry to support local economic development</li> </ul>
Catalytic Projects	<ul style="list-style-type: none"> <li>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.</li> </ul>

## Number of Jobs Created

**Table 3.35: Jobs Created**

NUMBER OF JOBS CREATED THROUGH LED INITIATIVES INCLUDING INFRASTRUCTURE PROJECTS FOR 2018/19			
Year	No. of Jobs created	No. of Jobs lost/displaced by other initiatives	Net total jobs created in year
2018/19	1992	4 (Municipality restructuring)	1992

**Table 3.36: Financial Performance 2018/19 Financial Year**

LOCAL ECONOMIC DEVELOPMENT				
Details	2017 -18 Actuals	2018 -19 Budget	2018-19 Actuals	Variance
	R'000	R'000	R'000	R'000
<b>Total Operating Revenue</b>				
Employee Related Costs				
Repairs and Maintenance	N/A	N/A	N/A	N/A
Other Expenditure	N/A	N/A	N/A	N/A
<b>Total Operating Expenditure</b>				
Net Operating Profit/ (Loss)				



**Table 3.37: Local Economic Development Objectives as per IDP**

LOCAL ECONOMIC DEVELOPMENT OBJECTIVES AS PER IDP: 2018/19 FINANCIAL YEAR								
Strategic Objectives	Key Performance Indicators	2016/17		2017/18			2018/2019	
		Target	Actual	Original Target	Revised Target	Actual Performance	Target	Actual
Drive diversified economic growth and job creation;	Number of jobs created through local economic development initiatives including capital projects by June 2019	1000	1229	500	500	613	500	917
Transform and maintain a vibrant and sustainable rural development	Number of SMMEs and cooperative assisted with technical and financial support by June 2019	N/A	N/A	200	200	610	200	3976
Uphold good governance and public participation principles	Number of Investment Policies developed and approved by Council by 30 <sup>th</sup> June 2019	N/A	N/A	2	1	Draft Investment Incentives Policy developed	0	0
Drive diversified economic growth and job creation;	Number of expression of interests advertised for the plan projects (catalytic) by June 2019	N/A	N/A	4	7	7 Expressions of Interest were issued for the 5 Precinct Development, Education Hub and Fresh Produce Market		2 Expressions of Interest were issued for the Education the Hotel and Convention Centre
Uphold good governance and public participation principles	Number of legal outdoor advertising sites generating consistent and sustainable income for the municipality annually by June 2019	N/A	N/A	50	27	Draft Outdoor Advertising By-laws developed to improve the management of outdoor advertising applications and to effectively manage the illegal outdoor advertising.	0	0
Transform and maintain a vibrant and sustainable rural development	Number of pig production units completed by 31 <sup>st</sup> March 2019			Withdrawn	Withdrawn	Agricultural Support Programme developed and approved by Council for	0	0

Transform and maintain a vibrant and sustainable rural development	Number of urban–agriculture projects completed by 30 <sup>th</sup> June 2019			Withdrawn	Withdrawn	implementation in the 2018/19 fiscal year.	0	0
--	--	--	--	-----------	-----------	--	---	---

## 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.

## COMPONENT I : HEALTH

### 3.17 OCCUPATIONAL HEALTH AND SAFETY

In terms of the 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 2018/19 financial year:

**Table 3.38 Number of Services Provided**

No	Service Provided	No: of Cases/Programmes
1	Employee Wellness Management Program  Number of employees who attended Wellness Information Sharing Sessions and Wellness Days.	<ul style="list-style-type: none"> <li>• Employee Assistance Interventions: <b>25</b> cases</li> <li>• Employee Wellness Days: <b>1900</b></li> <li>• Wellness Information Sharing Sessions: <b>1208</b></li> </ul>

### 3.18 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 3.38 Council Meetings**

DETAIL	2018/19	
	Ordinary Meetings	Special Meetings
Council	6	7

#### 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 3.39 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

### **3.19 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.

### **3.20 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:

- (a) Prepare a risk-based audit plan and an internal audit program for each financial year;
- (b) Advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to-
  - (i) internal auditing;
  - (ii) internal controls;
  - (iii) accounting procedures and practices;
  - (iv) risk & risk management;
  - (v) performance management;
  - (vi) loss control; and
  - (vii) 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

- (i) Forensic and investigations
- (ii) 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.

**Table 3.40 Financial Performance 2018/2019 – Internal Audit**

Details	2017 -18 Actuals	2018 -19 Budget	2018 -19 Actuals	Variance
	R'000	R'000	R'000	R'000
<b>Total Operating Revenue</b>	-	-	-	-
Employee Related Costs	-	5 187	5 053	134
Repairs and Maintenance	-	-	-	-
Other Expenditure	-	154	87	67
<b>Total Operating Expenditure</b>	-	<b>5 341</b>	<b>5 140</b>	<b>201</b>
Net Operating Profit/ (Loss)	-	-5 341	-5 140	-201

The unit planned 21 (twenty-one) internal audits for the year under in accordance with the approved annual operational plan for the year 2018/2019 as per the Three Year Rolling Strategic operational 2018-2021. Twenty-one (21) audits made up of fifteen (15) planned audits and six (6) ad-hoc assignments as per the request of Management and Council were finalised as at 30 June 2019.

**Table 3.41 Financial Performance**

<b>NO:</b>	<b>Audit description:</b>	<b>Type of audit:</b>
1	Audit of Predetermined Objectives (Top Layer SDBIP) – 4th Quarter 2017/18	Planned
2	Review of Annual Financial Statements – RLM	Planned
3	Review of Annual Financial Statements – RWST	Planned
4	Section 46 Report review	Planned
5	Advisory – Performance plan and agreement of the Municipal Manager	Ad-hoc
6	Appointment of service provider fleet hiring	Ad-hoc
7	Supply and distribution of wheeled bins project (Item 79 of 15 March 2018 Mayoral Committee) Part 1	Ad-hoc
8	Supply and distribution of wheeled bins project (Item 79 of 15 March 2018 Mayoral Committee) Part 2	Ad-hoc
9	Salary increase verification	Planned
10	Municipal Planning Tribunal	Ad-hoc
11	Audit of Predetermined Objectives (Top Layer SDBIP) – 1st Quarter 2018/19	Planned
12	Advisory – 2 <sup>nd</sup> Quarter performance report	Planned
13	Comparison of MM's and source directorate agreement	Planned
14	New meter installations	Planned
15	Advisory - CFO Probation scorecard	Ad-hoc
16	Risk Management Committee–Compliance	Planned
17	Risk Management Review Process	Planned
18	Billing - New meter installations	Planned
19	Revenue from metered services - Businesses	Planned
20	AoPI – 3 <sup>rd</sup> Quarter Directorates SDBIP and Top Layer SDBIP	Planned
21	Risk Management Functionality	Planned

### **3.21 HUMAN RESOURCE SERVICES**

---

#### **INTRODUCTION TO HUMAN RESOURCE SERVICES**

#### **INTRODUCTION TO CORPORATE SUPPORT SERVICES**

The directorate 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:

- Recruitment
- Employee Relations
- Organizational Development & Work-study
- Training and Development
- Occupational Health and Safety: Employee Wellness

**Table 3.42 Core Functions of Corporate Support Services**

Section 1: Recruitment	<ul style="list-style-type: none"><li>• The core function of this section is to ensure optimal human resources management value chain, through effective strategic planning, implementation and alignment of organizational strategy and individual employee performance agreements.</li></ul>
Section 2: Employee Relations	<ul style="list-style-type: none"><li>• 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.</li><li>• It is also responsible for collective bargaining, conflict management, and cordial interpersonal relations.</li></ul>
Section 3: Organizational Development & Work-study	<ul style="list-style-type: none"><li>• To develop and maintain organizational structures</li><li>• Provide organizational development and work-study services for the entire municipality.</li></ul>
Section 4: Training and Development	<p>The section provides the following employee capability management services:</p> <ul style="list-style-type: none"><li>• Identification of training needs;</li><li>• Development and implementation of the workplace skills plan; and</li><li>• The management of financial assistance programme for capacity building and training purposes.</li></ul>
Section 5: Occupational Health and Safety	<ul style="list-style-type: none"><li>• The section ensures the maintenance of a healthy and safe work environment.</li><li>• It provides employee wellness services, such as employee assistance, medical surveillance, compensation for occupational injuries and diseases (COID) and wellness education (i.e. healthy lifestyle).</li></ul>

**Employment Statistics:**

A total number of 68 employees were appointed from 01/07/2018-30/06/2019 through the normal recruitment process.

**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 1/7/2018 – 30/06/2019: The leave register indicates that a total number 63659.25 working days were taken by municipal employees.

- Permanent employees - 62841.12 days
- Temporary employees - 120.00 days
- Section 57 + interns + RRT – 443.16 days

The following three programmes were implemented through Orbit:

**Table 3.43 Financial Performance**

Learning Programme	No of Learners	Duration	Budget	Source of funding
First Aid Level 1-3	40 employed	4 Days	R119 100.00	RLM budget
Municipal Finance Management Programme	8 interns 2 Directors	9 Months (17 Modules)	R486 200.00	MFG National Treasury
Presiding over Disciplinary hearing and Grievances	12 employed	2 Days		SALGA
Confined Spaces	30 employed	3 Days	R195 000.00	RLM Budget
Working at Heights	24 employed	3 Days	R195 000.00	RLM Budget
Hazard Identification and Risk Assessment (HIRA)	37 employed	3 Days	R195 000.00	RLM Budget
Human Resource Development	5 employed	4 Days		LGSETA
Life Saving	5 employed	12 Days	R56 980.00	RLM Budget

**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 three hundred and twelve (**2312**) employees during the 2018/2019 financial year.

The following support services were rendered to municipal employees:

- Employee Assistance Interventions: **25** cases;
- Occupational Health Services: **387** cases;
- Wellness Educational Programmes: **1 900** cases;
- Wellness Information Sharing Sessions: **1208**.



**Table 3.44 Statistical Information**

No	Detail	Total Number
		2018/19
1	Disciplinary cases: Handled	30
	Disciplinary cases: Finalized	15
	Disciplinary cases: Outstanding	15
2	Suspensions	17
3	Dismissals	15
4	Grievances: Handled	35
	Grievances: Finalized	27
	Grievances: Outstanding	8

**Table 3.45 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 matter proceeded 19/06/2019-21/06/2019 and finalized.	Suspension uplifted on the 21/07/2019 and the employee was dismissed from the employment on the 09/10/2019
Mr L Leso	Corruption	18/10/2017	The employee was Suspended from work on the 18/10/2017 and the matter proceeded 19/06/2019-21/06/2019 and finalized.	Suspension uplifted on the 21/07/2019 and the employee was dismissed from the employment on the 09/10/2019
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.	The matter was settled on the 01/07/2019 therefore the matter is finalized.
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.	The matter was settled on the 01/07/2019 therefore the

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
				matter is finalized.
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 was settled on the 01/07/2019 and the employees reinstated.
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 was settled on the 01/07/2019 and the employees reinstated.
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 was settled on the 01/07/2019 and the employees reinstated.
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 was settled on the 01/07/2019 and the employees reinstated.
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 was settled on the 01/07/2019 and the employees reinstated.
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 was settled on the 01/07/2019 and the employees reinstated.
P Motswasele	Gross insubordination	28/03/2018	The employee was suspended on the 28/03/2018. The ruling issued on the 29/01/2019.	The Employee Dismissed on the 24/09/2019.

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
M Mapankola	Theft	18/03/2019	The employee was suspended on the 18/03/2019.	Pending
S Tivhane	Theft	18/03/2019	The employee was suspended on the 18/03/2019.	Pending
D Kgwale	Illegal electrical connection	18/03/2019	The employee was suspended on the 18/03/2019. The hearing proceeded on the 17/05/2019 and concluded. The employee not found guilty and ordered to resume his duties on the 01/07/2019.	The hearing proceeded on the 17/05/2019 and concluded. The employee not found guilty and ordered to resume his duties on the 01/07/2019.
K Khule	Bring the name of the municipality into disrepute	28/12/2018	The employee suspended on the 28/12/2018. The suspension was uplifted on the 01/05/2019	01/05/2019
O Moitse	Bring the name of the municipality into disrepute	19/02/2019	The employee was suspended on the 19/02/2019, suspension was uplifted on the 25/03/2019.	25/03/2019
Obakeng Makgale	Procurement irregularities	09/04/2018	Dismissed on the 12/12/2018	12/12/2018
Prediction Mongae	Procurement irregularities	09/04/2018	Dismissed on the 12/12/2018	12/12/2018
Louisa Mokotedi	Procurement irregularities	09/04/2018	The matter settled on the 13/05/2019	13/05/2019
Mogase Hanna	Gross Dereliction of duties and Theft	06/12/2018	The employee Suspended from the employment on the 06/12/2018 and the suspension was uplifted 15/07/2019	Suspension uplifted on the 15/07/2019 but the matter is not finalized. Therefore still Pending.

**Table 3.46 DISCIPLINARY ACTION TAKEN ON CASES OF FINANCIAL MISCONDUCT**

<b>Position</b>	<b>Nature of Alleged Misconduct and Rand Value of any Loss to the Municipality</b>	<b>Disciplinary Action Taken</b>	<b>Date Finalized</b>
Linda Jele	Procurement irregularities	Dismissed on the 12/12/2018	12/12/2018
Dannyboy Lephogole	Procurement irregularities	Dismissed on the 12/12/2018	12/12/2018
Obakeng Makgale	Procurement irregularities	Dismissed on the 12/12/2018	12/12/2018
Thabo Maotwe	Procurement irregularities	Dismissed on the 12/12/2018	12/12/2018
Patrick Masumbuka	Procurement irregularities	The employee resigned from the employment of the Municipality on the 27/08/2018.	27/08/2018
Ephraim Mfolwe	Procurement irregularities	Dismissed on the 12/12/2018	12/12/2019
Prediction Mongae	Procurement irregularities	Dismissed on the 12/12/2018	12/12/2019
Trevor Mothuloe	Procurement irregularity	The employee resigned from the employment of the Municipality on the 30/04/2019	30/04/2019
Hanna Mogase	Gross Dereliction of duties and Theft	The employee Suspended from the employment on the 06/12/2018 and the suspension was uplifted 15/07/2019	Pending

## 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.

### 3.22 LEGAL AND VALUATION UNIT

---

#### INTRODUCTION

The Unit: Legal and Valuation Services is situated within the Office of the Municipal Manager for strategical reasons as well as to enable the smooth workflow of information.

The primary objectives for the existence of the Legal and Valuation Unit is inter alia to render and provide an efficient and effective legal advisory service to the municipality including the municipal council for the purpose of enhancing compliance with the prevailing legislation.

In giving effect to the above objectives, the Unit: Legal and Valuation plays a supportive and advisory role to strengthen the capacity of the municipality to fulfil its Constitutional mandate. This is done by providing on regular basis legal advice, settling documents, and rendering legal support to committees of the council and the council as well as supporting the Office of the Executive Mayor, Office of the Speaker and Office of the Chief Whip.

In pursuit to the realization of its Constitutional mandate, the Legal and Valuation Unit is providing the following legal support services as required by Legislation:

- Litigation and case Management;
- Legal advisory services;
- Labour Law;
- Compilation of By-law and Policies for Enforcement;
- Drafting of service level agreements or Agreement; and
- Valuation services.

Due to the reason that the municipality is a creature of statute, it is imperative that there should be a culture of legal compliance with the prevailing legislation for the purpose of protecting the municipality interest.

**Table 3.47 Legal Compliance**

<b>Compliance</b>	<ul style="list-style-type: none"><li>• 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 a result a number 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;</li><li>• The Delegation of Powers Framework as required by legislation is in place.</li><li>• The Unit is providing directorates with assistance in reviewing existing By-laws and Policies as well as new By-laws including the promulgation</li></ul>
-------------------	---

<b>Contract Management</b>	<ul style="list-style-type: none"><li>• Legal Unit provides support and advice regarding the drafting, negotiation and settling of service level agreements as required by MFMA.</li><li>• Unit Legal and Valuation is also providing support and advice on amendment of contracts in terms of the requirements of section 116 of Municipal Finance Management Act,2003;</li></ul>															
<b>Litigation</b>	<ul style="list-style-type: none"><li>• The Unit: Legal and Valuation is responsible for instituting litigation on behalf the municipality as well as defending claims or actions taken against the municipality. This claims and or litigious matters are taking place before the Magistrate Court, Regional Court, High Court, Supreme Court of Appeal, Constitutional Court. In addition, there are labour matters that are handled in terms of the Bargaining Council Collective Agreement (Arbitration and Labour Court. In rendering the above services, the municipality may engage services of external legal advisors to represent the municipality. The Unit also assists the Directorate Corporate Support in the prosecution and chairing of serious disciplinary matters.</li><li>• In the area of Town planning, the Unit is providing support in the form of providing legal support or advice on Appeals that have been lodged in terms of SPLUMA legislation.</li><li>• 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;</li><li>• 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:</li></ul> <table><tr><td><b>Litigation</b></td><td><b>2015/16</b></td><td><b>2016/17</b></td><td><b>2017/2018</b></td><td><b>2018/2019</b></td></tr><tr><td>• Cases instituted against Municipality</td><td>32</td><td>38</td><td>50</td><td>52</td></tr><tr><td>• Cases instituted for the municipality</td><td>47</td><td>52</td><td>63</td><td>17</td></tr></table>	<b>Litigation</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/2018</b>	<b>2018/2019</b>	• Cases instituted against Municipality	32	38	50	52	• Cases instituted for the municipality	47	52	63	17
<b>Litigation</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/2018</b>	<b>2018/2019</b>												
• Cases instituted against Municipality	32	38	50	52												
• Cases instituted for the municipality	47	52	63	17												

### 3.23 SPECIAL PROJECTS

**Table 3.48 Achievements for the financial year under review**

Job preparedness Workshop	Special Projects in partnership with Department of Labor facilitated a workshop at Tlhabane, Lethabong, Marikana, Boitekong, Meriting and Monakato	2018-2019
External Learnership (Skills Development Program)	Special Projects partnered with Advance Academy in training 1120 young people with <ul style="list-style-type: none"> <li>- IT NQF 4</li> <li>- Occupational Health and Safety NQF 2</li> <li>- Projects Support NQF 3</li> </ul>	2018-2019
Mayoral Charity Cup	Mayoral cup 2018-2019 all ward-based teams were invited, we also included netball. Only 10 netball teams affiliated, and the cup was won by Black Diamond. 16 Football teams affiliated, and the trophy was taken by Saffy FC.	2018-2019
#Y4R in Sports and Recreation	Special Projects and Local Economic Development had Color Fun Run with Executive Mayor the purpose of the program was to raise school shoes for the disadvantaged learner and also to raise health awareness amongst our community	2018-2019
Mayoral Absa Marathon	Special project, Absa and Journey to fitness held a very successful marathon also as a health awareness and donating school shoes for our back to school campaign	2018-2019
Business Workshop an Expo	Special Projects with Local Economic Development held a Career Expo for youth out for school the purpose was expose the local youth between the age of 18-35 to career and business opportunities around Rustenburg Local Municipality area.	2018-2019
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. It's an ongoing programme	2018-2019
Youth Camp	Special projects in partnership with department of Social Development held a youth camp for 5 days in November 2019. The camp held in a military camp in Zeerust. young people were transported to the venue.	2018-2019
Youth Dialogue	Special Projects with Department of Social Development held a youth dialogue on the 27 <sup>th</sup> September 2019 at Old Town Hall.	2018-2019
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. Therefore, Thari Mmolegi Orphanage Home from Monakato got the funding for 2018-2019 financial year.	2018-2019
<b>SA Congress of Early Childhood Development</b>	Special Project in partnership with South African Congress for Early Childhood Development had a Music Competition at Ben Marais Hall. The following ECDs Didintle Day Care Centre from Freedom park position one, Tshenolo Day Care Centre from	2018-2019

	Lethabo position two and Rhoi Christian Academy from Geelhout Park position three.	
<b>Child Protection Week</b>	<p>Child Protection Week was held at the following areas:</p> <ol style="list-style-type: none"> <li>1. Tlhabane West Primary School</li> <li>2. Ramochana Primary School</li> <li>3. Kele Combined School</li> </ol> <p>The following are stakeholders involved</p> <ul style="list-style-type: none"> <li>• SOS Children's Village</li> <li>• SAHRC</li> <li>• DCS</li> <li>• Khulisa Solution</li> <li>• Serenity Rehabilitation Centre</li> <li>• Public Safety</li> </ul>	2018-2019
<b>Mandela Month</b>	<p>Celebration of Mandela Day: Lesang Bana Day Care Centre celebrated Mandela Day with the following stakeholders:</p> <ul style="list-style-type: none"> <li>• Rostech College</li> <li>• NJR Steel Rustenburg</li> </ul> <p>Medilab Clinical Laboratory</p>	2018-2019
<b>Women's month events</b>	<ol style="list-style-type: none"> <li>1. <b>Build-up activity towards women in business session:</b> About 80 NPO's attended capacity building session on the 16 August 2019 from different wards. Executive Mayor graced the workshop. National Lottery Commission encourage NPO's to apply for funding as North West has a low number of people applying for funding.</li> </ol> <p>Outreach Program: Information sharing with different stakeholders such as, Department of Social Development, Department of Rural and Agricultural Development, Consumer Affairs, SARS, Commission for Gender Equality, NGOs and women in Business at Rustenburg Civic Centre (Banquet Hall).</p>	2018-2019
<b>Workshop for Women in Business</b>	Special Project in partnership with SARS and Department of Social development had workshop on financial management for Women in Business	2018-2019
<b>Children's Council Debate:</b>	Special Project hosted Children's Council Debate at Rustenburg Civic Centre (Council Chamber) debate is a Platform for learners to talk about their challenges.	2018-2019
<b>Men's Dialogue</b>	<p>Special Project had a men's dialogue at Meriting Community Hall, the objective of dialogue was to</p> <ol style="list-style-type: none"> <li>1. NOT to look away, NOT to be by standers and NOT to be Silent</li> <li>2. To play a role in our personal, professional and leadership capacities to stop: <ul style="list-style-type: none"> <li>• Rape of all kinds</li> </ul> </li> </ol>	2018-2019



	<ul style="list-style-type: none"> <li>• Sexual violence</li> <li>• The killing and abuse of Women and Children</li> <li>• Domestic Violence of all kinds</li> </ul> <p>To change attitudes and actions that perpetuates sexism</p>	
<b>Joint Aid Management SA (JAMSA)</b>	Special Project in partnership with JAMSA donated instant porridge to 36 Early Childhood Development on monthly and they managed to build a structure for Letlotlo La Dimakatso Day Care Center at Makolokwe Village	2018-2019
<b>NGO Workshop</b>	<ol style="list-style-type: none"> <li>1. 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.</li> <li>2. <b>NGO's Funding:</b> Office invited all NGO's dealing with Adolescent Girls and Young Women (AGYW), HIV and TB to apply for funding from AFSA. The funding form was form Aids Foundation of South Africa (AFSA)</li> </ol>	2018-2019
<b>Cancer awareness fun/run walk</b>	Promote the Cancer Awareness between and among the communities of Rustenburg and beyond.	2018-2019
<b>Interdenominational prayer</b>	Special Project in partnership with Interdenominational Women (BoMme ba Thapelo) had a prayer session at Tlhabane Community Hall. The following stakeholders were invited Commission for Gender Equality, South African Human Right Commission, Department of Social Development, Serenity Rehabilitation Centre, Aurum Institute and SARS.	2018-2019
<b>Christmas with our Children</b>	Special Project in partnership with Motsepe Foundation donated 4500 toys to orphans, vulnerable and needy children around Rustenburg Jurisdiction at Ben Marais Hall.	2018-2019
<b>16 days of Activism</b>	<ol style="list-style-type: none"> <li>1. Special Project in partnership with Thuthuzela Care Centre (NPA), hosted Gender Based Violence event at Rustenburg Civic Centre (Banquet Hall) target was 200 women around Rustenburg Jurisdiction. Stakeholder involved were: <ol style="list-style-type: none"> <li>A) Trauma Centre</li> <li>B) Aurum institute</li> <li>C) Zakheni Training and Development</li> <li>D) Lifeline</li> <li>E) Commission of Gender Equality</li> </ol> </li> <li>2. Special Project hosted 16 days of activism against Women and Children Abuse at Rustenburg Civic Centre (City Hall) target was 200 women from different wards, NGO's, and women formations. Stakeholders involved were: NPA, Department of Social Development, victim of GBV, Cancer Savior and ThelaMedia</li> </ol>	2018-2019
<b>Dialogue</b>	Special Project in partnership with Office of Premier and NACOSA had workshop on Gender Based Violence, HIV and AIDS and Substance abuse with Communities of Dinie Estate	2018-2019

Bursaries	<p>Office of the Executive Mayor</p> <p>The office admitted and funded ten (10) students to study at different institutions.</p> <ul style="list-style-type: none"> <li>• Mechanical Engineering</li> <li>• Chartered Accounting</li> <li>• Financial Accounting</li> <li>• Electrical Engineering</li> <li>• Biometrix</li> <li>• Law</li> <li>• Bcom Strategic Management</li> <li>• Professional Cookery</li> <li>• Law</li> </ul> <p><b>There are six students who have been funded by Motsepe Foundation in the jurisdiction of Rustenburg. These are the courses they completed.</b></p> <ul style="list-style-type: none"> <li>• Bachelor of Science</li> <li>• Mineral Surveying</li> <li>• Economic Sciences</li> <li>• Bcom Investment Management</li> <li>• Mining Engineering</li> <li>• Geology</li> </ul>	2018-2019
Career Exhibition	<p>Special Project partnered with the Department of Education had an Annual Career Exhibition for all the 54 Secondary Schools learners which are in Grade 12.</p>	2018-2019
Career Counselling	<p>Special projects office partnered with the Department of Education had a career counselling for all the grade 9,10 and 11 learners. Different institutions and stakeholders presented to the learners on how to choose their careers and which subjects to choose from.</p> <p><b>Maths &amp; Science Aviation Career Session</b></p> <p>Special Projects office partnered with the Department of Education had an Aviation session with South African Air Force, South African Army and the Department of Fishery presented to the learners the opportunities available for the learners.</p>	2018-2019
Donation of stationery and school shoes	<p>The special projects office partnered with different stakeholders donated school stationery and school shoes to the disadvantaged learners.</p>	2018-2019
Social crime prevention (school safety search)	<p>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</p>	2018-2019
Sanitary Towels distribution	<p>Special Project office partnered with Department of Education, Old Mutual and other stakeholders donated sanitary towels to the following schools:</p> <ul style="list-style-type: none"> <li>• Boons Secondary School</li> <li>• Mathopestad Primary School</li> <li>• Syferbuilt Primary School</li> <li>• Monato Primary School</li> </ul>	2018-2019

	<ul style="list-style-type: none"> <li>• Buantswa Primary School</li> <li>• DE-HY Primary School</li> <li>• Naaupoort Secondary School</li> <li>• Lesele Secondary School</li> <li>• Bakubung Intermediate School</li> <li>• Tlapa Primary School</li> <li>• Fapha Primary School</li> <li>• Seraleng Primary School</li> <li>• Tsunyane Primary School</li> </ul>	
Collect A shoe campaign	<p>Special Project office donated school shoes to the rural and farm schools in the jurisdiction of Rustenburg. The benefitted schools are as follows:</p> <ul style="list-style-type: none"> <li>• Seraleng Primary School</li> <li>• Mmanape Secondary School</li> <li>• Tsitsing Primary School</li> <li>• Tlaseng Primary School</li> <li>• Tantanana Primary School</li> <li>• Motsitle Primary school</li> <li>• Matlhare Mokautu Secondary School</li> <li>• Tlapa Primary School</li> <li>• Tsunyane Primary School</li> <li>• Fapha Primary School</li> </ul>	2018-2019
January School visit	Special Project office partnered with Department of Education visited all the schools in the jurisdiction of Rustenburg to motivate all the learners in the new year and their studies .	2018-2019
Blanket Distribution/Donation	<ul style="list-style-type: none"> <li>• Special Project handed out 100 blankets to older Persons in Rustenburg Noord as part of Mandela Day Celebration on the 18<sup>th</sup> July 2019</li> </ul> <p>10 Blankets have been donated to the elderly in NCFI on the 25 August 2019</p>	2019-2020
Fun Walk/Aerobics	Special Project in partnership with Virgin Active held an aerobics session with the elderly at Tsitsing Sports Grounds.	2019-2020
Golden Games	<ul style="list-style-type: none"> <li>• Special Project in partnership with Social Development hosted Local Government Golden Games for older persons In Rustenburg Olympia Park Stadium on the 12<sup>th</sup> August 2019.</li> </ul> <p>Special Project in partnership with Provincial Department of Social Development hosted provincial Government Golden Games and Choir Competitions for older persons in Rustenburg Olympia Park Stadium on the 25-26 September 2019.</p>	2019-2020
Wheelchair handout	Special Project handed out a wheelchair to an elderly woman	2019-2020
Active Ageing	Special Project in Partnership with Royal Bafokeng Nation held a sports event for the elderly during senior citizens persons month on the 18 <sup>th</sup> October 2019. Service points around Rustenburg participated	2019-2020
Ward Forum Launches	29 wards have been launched for older persons forum	2019-2020

Older persons legislature conference	15 Older persons delegates in Rustenburg went to Potchefstroom to attend the parliamentary conference on the 22 <sup>nd</sup> November 2019. The purpose was to address issues affecting older persons	2019-2020
Hygiene packs and beanie	On the 7 <sup>th</sup> August 2019 Special Project and Al'Imdaad handed hygiene packs and beanies to Ntshalle Le Bana Disability Centre	2019-2020
Disability Legislature conference	15 people with disabilities delegates in Rustenburg went to Vryburg to attend the parliamentary conference on the 15 <sup>th</sup> November 2019. The purpose was to address issues affecting people with disabilities.	2019-2020
Conference for the Blind	Special Project delegated two blind people to attend the national conference for the Blind at Cape Town from the 6-8 <sup>th</sup> October 2019	2019-2020

### **3.24 ORGANISATIONAL STRATEGY & PLANNING**

---

#### **INTRODUCTION**

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

- Integrated Development Planning; and
- Organisational Performance Management

#### **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.

### **3.25 ANNUAL PERFORMANCE REPORT (SECTION 46 REPORT: 2018/2019)**

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 2018 to 30 June 2019 and focuses on the implementation of the Service Delivery Budget and Implementation Plan (SDBIP) as amended in conjunction with the Budget Adjustment during January 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 2018/2019 Integrated Development Plan (IDP), Annual Budget and Service Delivery and Budget Implementation Plan (SDBIP).

Furthermore, this report will also endeavour to report to Council 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 as added.

The format of the report will reflect the Municipality's Key Performance Indicators (KPI) per Municipal Key Performance Area. Each Key Municipal KPA have number of Municipal Programmes/Key Focus Areas (KFA's) which was deliberately designed by the Rustenburg Municipality to focus its development initiatives in a more coherent and organised manner.

### 3.25.1 LEGISLATIVE REQUIREMENTS

This Annual Performance Report has been compiled in compliance with the requirements of section 46 (1) of the Local Government: Municipal Systems Act, 2000; which stipulates as follows:

*(1) A municipality must prepare for each financial year a performance report reflecting—*

- (a) the performance of the Municipality and each external service provider during that financial year;*
- (b) a comparison of the performance referred to in paragraph (a) with targets set for performance in the previous financial year; and*
- (c) measures taken to improve performance.*

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organisation as well as the external service providers and the Municipal Entities. This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

### 3.25.2 PERFORMANCE MANAGEMENT OVERVIEW AND PROCESS

To improve on performance planning, implementation, reporting and measurement, the institution implemented the following actions:

- At the beginning of the 2018/2019 financial year, there were 115 KPIs in the SDBIP. During the adjustment period, KPI's were reduced in number to 95.
- There is a column in the SDBIP for each KPI to ensure that the portfolio of evidence was populated correctly;
- The Municipality endeavoured during the development of the Top Layer that the "SMART" principle was adhered to in the setting of indicators and objectives. Emphasis was placed on ensuring that targets were specific and time bound, thus making them measurable.

### **3.25.3 THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN**

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

The SDBIP is a plan that converts the IDP and Annual Budget into measurable operational targets on how, where and when the strategies, objectives and normal business process of the municipality is implemented. It also allocates responsibility to Departments and/or Divisions to deliver the services in terms of the IDP and Budget. The MFMA Circular No.13 prescribes that:

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

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

### 3.26 COMPARATIVE ANALYSIS OF THE 2017/18 AND 2018/19 PERFORMANCE

The municipality's performance was at 51% 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)	2017/18 Organisational Performance					2018/19 Organisational Performance			
	TOTAL Number of KPI's	KPI's Achieved	KPI's not achieved	Withdrawn	Performance in Percentages	TOTAL Number of KPI's	KPI's Achieved	KPI's not achieved	Performance in Percentages
Municipal Institutional Development and Transformation	9	7	2	0	78%	9	4	5	44%
Good Governance and Public Participation	21	20	1	0	95%	21	10	11	48%
Municipal Financial Viability and Management	13	7	6	0	54%	23	8	15	35%
Local Economic Development	7	4	1	2	80%	8	7	1	88%
Basic Service Delivery and Infrastructure Development	17	7	8	2	46%	28	15	13	54%
Spatial Rationale and Transformation	5	4	1	0	80%	6	4	2	67%
<b>TOTAL</b>	<b>72</b>	<b>49</b>	<b>19</b>	<b>4</b>	<b>72%</b>	<b>95</b>	<b>48</b>	<b>47</b>	<b>51%</b>

It should be noted that there is a decrease of 17% in overall performance of the municipality in comparison to the previous financial year. The major contributor to poor performance was as a result of cash flow challenges which impacted on implementation of project and programmes.



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 Met	Actual vs Target Less than 75%
	KPI Met	Actual vs Target 100% Achieved

### 3.26.1 PERFORMANCE PER KEY PERFORMANCE AREA (KPA)

#### 3.26.1.1 MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
MUNICIPAL STRATEGIC PRIORITY: Drive optimal municipal institutional development, transformation and capacity building														
Municipal Strategic Objective: Develop and implement integrated internal systems and processes														
1	Goal 7:  A vibrant, creative and innovative city	DCSS1	Number of ICT Governance Policy Framework developed and tabled to Council by 30 June 2019	New	-	-	1 x ICT Governance Policy Framework developed and tabled to Council	Council Agenda  ICT Governance Policy Framework	0	Not Achieved	R0	R0	The reviewed policy could not serve at committees during the financial year.	ICT Manager will be appointed to ensure policy development
2	Goal 7:  A vibrant, creative and innovative city	DCSS2	Number of ICT Steering Committee meetings held by 30 June 2019	New	-	-	4 x IT Steering Committee Meetings	Attendance register of the ICT steering committee  Minutes of the ICT steering committee	1	Not Achieved	R0	R0	The committee was appointed late in the financial year.	The committee will be scheduled with MANCO meetings.

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
<b>Municipal Strategic Objective: Develop, implement and review internal policies and procedure on regular basis</b>														
<b>3</b>	<b>Goal 9: An efficient, Effective and Well-Governed City</b>	<b>DCSS3</b>	Number of HR policies reviewed and tabled to the Local Labour Forum (LLF) by 30 June 2019	30	30	Achieved	10	Reviewed HR Policies Signed notice of the LLF meeting and Agenda of LLF meeting indicating that the Polices were part of the agenda.	22	Achieved	R0	-	Most of the HR policies needed to be reviewed as they were outdated.	-
<b>Municipal Strategic Objective: Establish and inculcate a service delivery culture</b>														
<b>4</b>	<b>Goal 9: An efficient, Effective and Well-Governed City</b>	<b>DCSS4</b>	Number of Local Labour Forum meetings facilitated by 30 June 2019	New	-	-	4	Signed notice of the LLF meeting  Agenda of LLF meeting	Four (4)) LLF meetings were facilitated during the financial year. 1. 03.07.18 2. 07.08.18 3. 26.02.19 4. 04.06.19	Achieved	R0	-	-	-

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
Municipal Strategic Objective: Establish quality management processes in the delivery of all services														
5	Goal 11: City of sustainable and efficient resource management	DCSS5	Compliance per priority as detailed in the Occupational Health and Safety Policy of the municipality by 30 June 2019	2	30	Achieved	4 x priorities complied with	Attendance registers and inspection reports from Health and Safety Committee meetings Scheduled awareness programmes	4 Conducted compliance Priorities: 1. Workplace inspections 2. Medical cases, surveillances and COIDA; 3. Information sharing 4. Employee consultation in relation to Health and Safety.	Achieved	R0	-	-	-
Municipal Strategic Priority: Develop and implement internal capability model (Institutional core and critical competencies, scarce skills) that enhances institutional and external stakeholder’ development communities and institutional capability														
6	Goal 7:  A vibrant, creative and innovative city	DCSS6	Number of Workplace Skills Plan developed and tabled at the Local Labour Forum for consideration by 30 June 2019	95%	89.6%		1 x Workplace Skills Plan	1 x Workplace Skills Plan  Signed notice of the LLF meeting and the LLF agenda indicating the WSP being on	Workplace skills plan was submitted to LGSETA on the 26 April 2019.	Achieved	R0	-	-	-

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
						Not Achieved		the agenda of the meeting Workplace skills plan						
<b>Municipal Strategic Priority: Review, realign and implement organisational structure to support the vision and objectives</b>														
<b>7</b>	Goal 7: A vibrant, creative and innovative city	<b>CSS7</b>	1 X Organizational structure reviewed and tabled at the Local Labour Forum (LLF) for consideration by 30 May 2019	<b>100%</b>	<b>100%</b>	<b>Achieved</b>	1x Reviewed Organizational Structure	1x Reviewed Organizational Structure  Signed notice of the LLF meeting and the LLF  Agenda wherein the Organizational Structure is on the Agenda	<b>0</b>	<b>Not Achieved</b>	R0	-	The structure was tabled to LLF on the 4 <sup>th</sup> June 2019	The organizational structure reviewed process plan developed
<b>8</b>	Goal 7: A vibrant, creative and innovative city	<b>OMM1</b>	1X Delegation Framework Reviewed and tabled to MANCO for consideration	<b>New</b>	-	-	1 x Delegation Framework developed and/or reviewed in line with the	Reviewed Delegation Framework  Signed minutes of MANCO and	<b>0</b>	<b>Not achieved</b>	R0	-	Delegation Framework was reviewed by Legal Unit but not tabled to	Review of the delegation framework to be done after review of the Organisational

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
							Council requirements	the MANCO agenda					Council due to the structure not yet reviewed.	Structure is completed.
Municipal Strategic Objective: Development of an institutional integrated human resources capability that enhances competence														
9	Goal 7: A vibrant, creative and innovative city	OMM2	Number of Integrated Human Resource Development Strategy developed and submitted to Council by 30 June 2019.	New	-	-	1 x Human Resource Strategy	1x Human Resource Strategy  Signed notice of the council meeting and the council agenda wherein the HR Strategy was reflected on the agenda	0	Not Achieved	R0	-	The strategy was not developed because the directorate had not started with the benchmarking exercise.	Benchmark with other municipalities to compile a Human Resource Strategy that will be done during the 2019/2020 financial year

### 3.26.1.2 GOOD GOVERNANCE AND PUBLIC PARTICIPATION

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
<b>MUNICIPAL STRATEGIC PRIORITY: UPHOLD GOOD GOVERNANCE AND PUBLIC PARTICIPATION PRINCIPLES</b>														
<b>Municipal Strategic Objective: Drive Good Governance and Legislative Compliance in all municipal processes</b>														
<b>10</b>	Goal 9:  An Efficient, Effective and Well-Governed City	<b>OMM3</b>	1x Unqualified Audit Outcome attained for the 2017/18 Financial Year	<b>New</b>	-	-	1 x Unqualified Audit Outcome attained	Auditor General of South Africa Audit Report	<b>0</b>	<b>Not Achieved</b>	R12m	R13,806m	No proper record keeping  Non-compliance to legislation  Lack of internal controls.	Stringent internal controls to be put in place  Implementation and monitoring of Post Audit Action Plan (PAAP)   Electronic records manageme

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
														nt system in place
11	Goal 9: An Efficient, Effective and Well-Governed City	OMM 4	1x 2017/18 Annual Report compiled and tabled at council by 30 April 2019	1	1	Achieved	1 x 2017/18 Annual Report compiled. tabled to and approved by the Municipal Council	Annual Report Notice of council meeting and the agenda of council wherein the annual report forms part of the agenda	0	Not Achieved	R0	R0	The Annual Report was not tabled as the Audit Report was still not released by the AG	Submit AFS and APR as legislated so as to receive the audit report on time and table the annual report in January and April each year.
12	Goal 9: An Efficient, Effective and Well-governed - City	OMM5	1x Oversight Reports on 2017/18 Annual Report compiled and tabled to Council by 31 May 2019	New	-	-	1 X Oversight Report on 2017/18 Annual Report	Oversight Report Notice of council meeting and the agenda of council wherein the oversight report forms part of the agenda	0	Not Achieved	R0	R0	The Oversight report can only be tabled after council has adopted the draft annual report.	Compliance to legislation and adherence to set timelines.



KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
13	Goal 9: An Efficient, Effective and Well-governed City	OMM6	1x 2019/20 IDP/Budget/PMS Process Plans compiled and submitted to Council for approval by 31 July 2018	1	1	Achieved	1 x 2019/20 IDP/Budget/PMS Review Process Plan approved	IDP/Budget/PMS Process Plan Council Resolution	1 x process plan was tabled to Council on the 30 July 2018 per item	Achieved	R0	R0	-	-
14	Goal 9: An Efficient, Effective and Well-Governed City	OMM7	1x 2019/20 IDP reviewed and submitted to Council for approval by 30 May 2019	1	1	Achieved	1 x 2019/20 IDP	Reviewed IDP 2019/20  Signed notice of council meeting And the Agenda of council wherein the IDP forms part of the agenda	1	Achieved	R0.70m	R17000	-	-
15	Goal 9: An Efficient, Effective and Well-Governed City	OMM8	1x 2019/20 Service Delivery and Budget Implementation Plan (SDBIP) submitted to the Executive Mayor 30 days after the adoption of the 2019/20 MTREF	1	1	Achieved	1 x 2019/20 SDBIP tabled at council 28 days after the adoption of the 2019/20	Signed SDBIP 2019/20 by the Executive Mayor  Acknowledge ment of receipt	1	Achieved	R0	R0	-	-

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
16	Goal 9: An Efficient, Effective and Well-Governed City	OMM9	4x Quarterly performance reports tabled at Council by 30 June 2019	New	-	-	4x Quarterly performance reports tabled at Council by 30 June 2019	Copies of the Performance Assessment reports with signed attendance registers  Signed notice or Council meeting a and the agenda of Council wherein the quarterly report forms part of the agenda	3	Not Achieved	R0	R0	The tabling of the 4 <sup>th</sup> quarter report falls outside the reporting periods.	Reports to be tabled within 30 days after the end of the quarter as legislated
17	Goal 9: An Efficient, Effective and Well-Governed City	OMM10	Number of Performance Assessment conducted by 30 June 2019		2 x Informa performance assessment conducted and 2 x formal performance assessments conducted		2 x Informa performance assessment conducted and 2 x formal performance assessments conducted (Formal is Mid-Term and Annual Assessments in line with	Copies of the Performance Assessment reports with signed attendance registers  Signed notice or Council meeting a and the agenda	3  Assessments were conducted as follows:  The 2017/18 annual – 6/8/2018  1 <sup>st</sup> quarter informal – October 2018  Mid Term on the 16 February	Not Achieved	R0	-	The assessment was not conducted due to the resignation of the Municipal Manager	Conducted assessments as per the approved PMS Framework

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
							the regulations)		2019 and the Municipal Manager's assessment on the 21 February 2019.					
18	Goal 9: An Efficient, Effective and Well-Governed City	OMM1 1	1 X 2019/20 Performance Management Policy Framework reviewed and tabled at Council by 30 June 2019	1	1	Achieved	1 x 2019/20 Performance Management Policy Framework revised and approved by Council	2019/20 PMS Policy Framework  Signed notice of council meeting and the agenda of council wherein the PMS Policy Framework forms part of the agenda	The Framework was tabled to Council on the 30 July 2019 per item 151.	Achieved	RO	-	-	-
19	Goal 9: An Efficient, Effective and Well-Governed City	OMM1 2	Number of levels reporting to which PMS is cascaded by 30 June 2019	New	-	-	4	Levels 2 – 4 Performance Plans	PMS has been cascaded from level 0 to 3. Performance plans for MM, Directors	Achieved	RO	-	-	-

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
									and Unit Managers are signed.					
20	Goal 9: An Efficient, Effective and Well-Governed City	DCSS 11	Number of notices prepared and distributed for Council meetings by 30 June 2019	New	-	-	7	Signed notices for Council meetings	15 Notices for the 2018/19 Council meetings were issued:  31/07/2018; 11/09/2018; 18/09/2018; 25/09/2018; 26/10/2018; 27/11/2018; 18/12/2018; 18/01/2019; 27/02/2019; 26/03/2019; 05/04/2019; 14/05/2019; 24/05/2019; 28/05/2019; 25/06/2019	Achieved	R0	-	The number was increased as a result of more special meeting being convened.	-
21	Goal 9: An Efficient, Effective and Well-Governed City	OMM1 4	Number of Community Surveys conducted by 30 June 2019	1	0	Not Achieved	2 x Community Satisfaction Surveys conducted	Community Satisfaction Survey Report	No surveys were conducted	Not Achieved	R0	-	The survey was to be conducted internally but council resolved that the task be	The survey will be conducted once the budget is provided.

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
													outsourced. No budget was allocated for appointment of service provider during the financial year.	
22	Goal 9: An Efficient, Effective and Well-Governed City	OMM 16	1 X 2019/20 Monitoring & Evaluation (M & E) Annual Programme developed and tabled at MANCO by 30 June 2019	New	-	-	1 x M & E Annual Programme	M& E Annual Programme	The Annual Programme was presented to MANCO in May 2019.	Achieved	R0	-	-	-
23	Goal 9: An Efficient, Effective and Well-Governed City	DCSS 12	Number of reporting levels of employees having signed declaration of interest Form by 30 June 2019	New	-	-	5 Levels have signed Declaration of Interest (Reporting Level 0 – 4)	Signed declarations of interest Form	Only 36 of the 124 employees in levels 0-4 signed declaration of interest	Not Achieved	R0	R0	Lack of knowledge on the importance of declaration of interest by employees	Embark on road shows with management to conscientise employees on the importance of signing

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
														declaration forms
24	Goal 9: An Efficient, Effective and Well-Governed City	OMM17	Number of Public Participation Strategies developed and submitted to Council for approval by 30 September 2018	New	-	-	1 x Public Participation Strategy approved	Public Participation Strategy  Council Resolution	The draft framework was developed but was not submitted for council approval	Not Achieved	RO	RO	The draft has to serve before the Rules of Order committee before tabling to council.	The strategy will serve as an item in the ROO sitting of the 17 <sup>th</sup> October 2019
25	Goal 9: An Efficient, Effective and Well-Governed City	OMM18	Number of Communication Strategies developed and/or Reviewed, tabled to Council for Approval and implemented by 30 September 2018	New	-	-	1 x Communication Strategy, reviewed, approved and implemented	Communication Strategy  Council Resolution	0  No public communication strategy was not tabled to Council.	Not Achieved	RO	RO	Consultation on the strategy had to be extended further.	The draft strategy has been developed and will be tabled to Council for approval.
26	Goal 9: An Efficient, Effective and Well-	OMM19	Number of Stakeholder engagements on Municipal-wide Integrated planning held by 30 June 2019	New	-	-	4 x Stakeholder engagements on Municipal-wide Integrated	Attendance Register  Notice of Meetings	4 stakeholder engagement meetings were held.	Achieved	RO	RO	-	-

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
	Governed City						planning conducted							
27	Goal 9: An Efficient, Effective and Well-Governed City	OMM 20	Percentage implementation of Council Resolutions by 30 June 2019	New	-	-	≥75%	Bi-monthly report to Council POE as stated in Council resolutions	The item on implementation of council resolutions serves before council bi-monthly.	Not Achieved	RO	RO	Delay in implementation due to budget limitations and other resolutions taking time to implement.	Administration does not have control over decisions taken by Council.
28	Goal 9: An Efficient, Effective and Well-Governed City	OMM 21	Number of the Audit Committee/Performance Audit Committee by 30 June 2019	4	4	Achieved	≥4 Performance Audit Committee meetings convened	Copies of signed Notice of meeting Attendance register	4 x Audit Committee meetings were held during the year.  26/11/2018; 07/03/2019; 21/05/2019; 14/06/2019	Achieved	RO	RO	-	-
29	Goal 9: An Efficient, Effective and Well-	OMM 22	Number of the Risk Management Committee convened by 30 June 2019	New	-	-	≥4 Risk Management Committee convened	Copies of signed Notice of meeting Agenda of meetings	4 x Risk management committee meetings convened on	Achieved	RO	RO	-	-

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
	Governed City							Attendance register	the following dates. 1. 19.10.18 2. 07.12.18 3. 14.03.19 4. 20.06.19					
<b>Municipal Strategic Objective: Establish strong partnerships with local (mining) industries to oversee social responsibility programmes, job creation and local economic development</b>														
<b>30</b>	Goal 9:  An Efficient, Effective and Well-Governed City		1 X Roadmap report to a Metropolitan municipality tabled at MANCO by 30 June 2019	New	-	-	1 x Report on Rustenburg Roadmap to a Metropolitan Municipality	1 x Report on Rustenburg Roadmap to a Metropolitan Municipality	0	Not Achieved	R1m	R0	Late resource allocation	The exercise has been put in abeyance.



### 3.26.1.3 MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Quarterly Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
<b>MUNICIPAL STRATEGIC PRIORITY: ENSURE A SUSTAINABLE MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT</b>														
Goal 11: City of sustainable and efficient resource management														
<b>31</b>	Goal 11: City of sustainable and efficient resource management	<b>BTO1</b>	Number of the mSCOA implementation plans developed by 31 July 2018	<b>New</b>	-	-	1 x mSCOA implementation plan developed	MSCOA implementation plan Quarterly progress report	The mSCOA implementation plan was developed in August 2018	Achieved	R56m	R29 290 417	-	-
<b>32</b>	Goal 11: City of sustainable and efficient resource management	<b>BTO2</b>	% Collection of traffic fines by 30 June 2019	<b>New</b>	-	-	≥95%	BTO Spreadsheet	Budget R5,745 268m Expenditure R1,903 450m = 28%	Not Achieved	R5,745 268m	R2 096 810.0	The provider that was appointed did not perform according to expectations and the contract was terminated.	In the process of procuring a traffic software system.
<b>33</b>	Goal 11: City of sustainable and efficient resource	<b>BTO3</b>	% Collection rate of licensing and testing revenue by 30 June 2019	<b>New</b>	-	-	≥95%	BTO Spreadsheet	110%	Achieved	R9m	R10,212.45	Collection rate was exceeded due to the increase in customers as	-

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Quarterly Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
	management												a result of closure of provincial registration and licensing centre	
34	Goal 11: City of sustainable and efficient resource management	DCD 14	% expenditure on CATA conditional Grant	New	-	-	100%	Stamped BTO document confirming actual expenditure	47%	Not Achieved	R1 392m	R2 436 766	Delayed processes to appoint service provider for Boitekong Library Upgrade.	Awaiting roll over approval to continue with implementation.
35	Goal 11: City of sustainable and efficient resource management	BTO5	Percentage of Meters read by 30 June 2019	New	-	-	≥90% meter reading on a monthly basis	Meter Readers Report	78% Meters read for the year vs number of available of meters: 169495/217637 =	Not Achieved	R2,3m	R1, 609,560	Meter readers were refused entry in some areas.	Management intervention and political buy-in to assist meter readers to perform their duties.
36	Goal 11: City of sustainable and efficient resource	BTO6	Number of indigents registered to earn free basic services by 30 June 2019	10%	20.62%	Achieved	30 000 registered indigents	Indigent register	4700 indigents were registered.	Not Achieved	R1m	R0	A service provider to assist with indigent registration was not appointed.	Indigent registration to be done at ward level through the Thuma Mina Campaigns and door-to-

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Quarterly Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
	management													door campaigns.
37	Goal 11: City of sustainable and efficient resource management	DPHS1	Rand value of revenue generated through rental leases by 30 June 2019	New	-	-	R2.5m	Stamped BTO document confirming actual rental revenue	Budget R2,5m Revenue R2,933m	Achieved	R2,5m	R2,933m	-	-
<b>MUNICIPAL STRATEGIC PRIORITY: ENSURE A SUSTAINABLE MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT</b>														
38	Goal 11: City of sustainable and efficient resource management	DPHS9	Number of campaigns conducted to Improve awareness to the Land Use Management Scheme by 30 June 2019	New	-	-	10 x Campaigns in 10 wards	Attendance registers and pamphlets	17 awareness campaigns were conducted during the 2018/19 financial year	Achieved	R0	-	-	-
39	Goal 11: City of sustainable and efficient resource	DPHS4	Rand value for land use amendment applications and building plans submitted by 30 June 2019	New	-	-	≥ R1 388 405	Stamped BTO document confirming actual revenue from land use	R816k was collected.	Not Achieved	R1,388m	R816k	-	-

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Quarterly Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
	management							amendment applications						
<b>MUNICIPAL STRATEGIC PRIORITY: Ensure a sustainable municipal financial viability and management</b>														
<b>40</b>	Goal 11: City of sustainable and efficient resource management	<b>BTO5</b>	Number of budget related policies reviewed and tabled at council by 30 June 2019	New	-	-	15 x Revised Budget related Policies	Signed notice of council meeting and agenda of the meeting wherein the revised budget related policies are tabled	16 budget related policies reviewed and submitted to council on the 24 May 2019)	Achieved	R0	R0	-	-
<b>41</b>	Goal 11: City of sustainable and efficient resource management	<b>BTO6</b>	Number of financial Standard Operating Procedures (SOPs) rolled out to Budget and Treasury employees by 30 September 2018	New	-	-	5 x SOP's to be implemented and monitored	5 x Financial SOP's  Electronic communication sending out the SOPs and attendance register for training on	5 SOPs were developed by February 2019 and training conducted.	Achieved	R0	R0	-	-

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Quarterly Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
								the relevant SOP.						
42	Goal 11: City of sustainable and efficient resource management	BTO7	Reduction in rand value of irregular expenditure in line with the provisions of MFMA section 32 processes by 30 June 2019	New	-	-	BTO Spreadsheet	≥95% compliance rate with MFMA Section 32	Irregular expenditure for the financial year 2018/19 has not been quantified	Not Achieved	R0	R0	Major 2018/19 Irregular expenditure cases are still under investigation	Stringent measures are in place to ensure SCM processes are adhered to.
43	Goal 11: City of sustainable and efficient resource management	BTO8	Number of days taken to pay Creditors by 30 June 2019	New	-	-	Stamped BTO Spreadsheet	All Creditors paid within 30 Days of receipt of accurate and authentic invoices	Creditors are not paid within 30 days	Not Achieved	R0	R0	Creditors not paid within 30 days due to Cash flow challenges	Reduction of over-commitments and management of working capital.  Intensify credit control.

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Quarterly Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
44	Goal 11: City of sustainable and efficient resource management	BTO9	Debtors collection rate (in %) by 30 June 2019	3% increase	15% decrease	Not Achieved	≥95%	Stamped BTO document confirming percentage collection rate (collected total revenue v/s billed total revenue)	77 % collection for the 12 months	Not Achieved	R0	R0	System issues resulted in billing challenges  Delay in implementing proper credit controls	Credit control was intensified during the last quarter of the year under review
45	Goal 11: City of sustainable and efficient resource management	BTO10	Maintain a current ratio above 1.5: 1	1:1.5	1:0.75	Not Achieved	1.5:1	Stamped BTO Spreadsheet confirming the current ratio in line with the reported figures on the Section 71 report.	The current ratio was at 0.32:1	Not achieved	R0	R0	Inadequate revenue collection to have sufficient cash flow to pay creditors on time and have sufficient reserves/cash balance	Intensify credit control and debt collection measures
46	Goal 11: City of sustainable and efficient resource management	BTO11	Percentage of Operational budget spent on repairs and maintenance by 30 June 2019	New	-	-	8%	Stamped BTO Spreadsheet confirming the actual expenditure of repairs and maintenance in line with	38% was spend on the budget	Not Achieved	R244 627	R92 071	Delay in procurement processes that led to unavailability of stock at the municipal stores.	Maintenance plan has been developed

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Quarterly Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
								the reported figures on the Section 71 report.						
47	Goal 11: City of sustainable and efficient resource management	BTO12	Maintaining a debt coverage ratio of 100 times.	45%	26%	Not achieved	100	Stamped BTO Spreadsheet confirming the debt coverage in line with the reported figures on the Section 71 report.	Debt Coverage was at 81,9 times	Not Achieved	-	-	Cashflow challenges	Intensify credit control
48	Goal 11: City of sustainable and efficient resource management	BTO 13	Percentage expenditure on Capital Budget funded from CRR by 30 June 2019	95%	106%	Achieved	≥95%	Stamped BTO Spreadsheet confirming the capital expenditure in line with the reported figures on the Section 71 report.	Budget: R907 602 245 Expenditure R611 425 817 = 67.37%	Not Achieved	R907m	R611m	Delay in procurement processes	Procurement plan will be developed.
49	Goal 11: City of sustainable and efficient resource	BTO14	Number of Section 71 reports compiled and submitted to Council on Monthly basis by 30 June 2019	New	-	-	1	11x Section 71 reports Council resolution  Acknowledgement of receipt by the Office of	9 (nine) Section 71 reports submitted to Portfolio committee and referred	Not Achieved	R0	R0	Delay in implementing mSCOA system due to system roll back in May 2018	System vendor undertaking to develop a reporting

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Quarterly Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
	management							the Executive Mayor	back to council					tool that will assist
50	Goal 11: City of sustainable and efficient resource management	BTO15	Number of MFMA Section 72 reports tabled to Council by 25 January 2019	New	-	-	1x Section 72 reports Council resolution Proof of submission to the Office of the EM	1 x MFMA Section 72 reports compiled and submitted to the EM, PT, NT and AGSA	Section 72 report submitted to EM by the 27 Feb 2019 per item 15.	Not Achieved	R0	R0	Delay in implementing mSCOA system due to system roll back in May 2018	System vendor undertaking to develop a reporting tool that will assist
51	Goal 11: City of sustainable and efficient resource management	BTO16	Number 2017/18 Annual Financial Statements (AFS) submitted to AGSA by 31 August 2018	New	-	-	1 x A Set of consolidated RLM's 2017/18 Annual Financial Statements (AFS) submitted to AGSA	1x 2017/18 Set of consolidated Annual Financial Statement Acknowledgement receipt from AGSA	The AFS were submitted to AGSA 12 October 2018	Not Achieved	R0	R0	Delay in implementing mSCOA system due to system roll back in May 2018	System vendor undertaking to develop a reporting tool that will assist a
52	Goal 11: City of sustainable and efficient resource	BTO17	Number of 2019/22 MTREF tabled to Council by 30 May 2019	1 x 2018/2019 Annual Budget	1 x 2018/2019 Annual Budget	Achieved	1x 2019/2022 MTREF tabled at Council by 30 May 2019	1x 2019/2022 MTREF  Signed notice of council and the council agenda wherein the	The MTREF was tabled to council on the 28th May 2019 per item 84	Achieved	R0	R0	-	-



KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Quarterly Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
	management							2019/2022 MTREF is on the agenda						
53	Goal 11: City of sustainable and efficient resource management	BTO18	Number of Adjustments Budgets prepared and tabled to Council by 28 February 2019	New	-	-	1 x Adjustments prepared, tabled and approved by Council	1x 2018/19 Adjustment budget  Signed notice of council and the council agenda wherein the 2018/2019 Adjustment Budget forms part of the agenda	The Adjustment budget was tabled to council on the 27 Feb 2019 per item 14	Achieved	R0	R0	-	-

### 3.26.1.4 LOCAL ECONOMIC DEVELOPMENT

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
<b>MUNICIPAL STRATEGIC PRIORITY : DRIVE A VIBRANT DIVERSIFIED ECONOMIC GROWTH AND JOB CREATION</b>														
<b>Municipal Strategic Objective : Revive and expedite development of alternative high value adding economic growth sectors- agriculture, manufacturing, transportation of services and products</b>														
<b>Revised Strategic Objective : Develop vibrant and diversified world class local economy through high value-adding economic sectors</b>														
54	Goal 11: City of sustainable and efficient resource management	LED1	Number of approved catalytic projects facilitated for implementation by 30 June 2019	7	7	Achieved	4 x catalytic projects facilitated for implementation by end of June 2019	Service level agreement; Disposal agreement; Letter of confirmation by investors;	5 catalytic projects were facilitated.	Achieved.		-	There were more projects to facilitate than the targeted number	-
55	Goal 11: City of sustainable and efficient resource management	LED2	Number of investment campaigns implemented by 30 June 2019	1 investment policy	1 investment policy	Achieved	2 x investment campaign implemented	Event Attendance Registers or Reports / Publications	2 Two (2) investment campaign publications done:	Achieved	R0	R0	-	-

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
56	Goal 11: City of sustainable and efficient resource management	LED3	Number of Rustenburg Flea Market Project constructed by 30 June 2019	1 x Flea Market constructed by June 2018	KPI withdrawn during adjustment	-	1 x Rustenburg flea market constructed at the visitors information centre	Proof of Contractor Appointment / Project Progress Reports	1 Flea market construction was completed on the 26 <sup>th</sup> June 2019.	Achieved	R15m	R12,179		-
57	Goal 11: City of sustainable and efficient resource management	LED4	Number of Tourism Activities Facilitated by 30 June 2019	New	-	-	4 x Tourism Activity facilitated	Notice of the advert inviting attendees;  Event Attendance Registers;	Three (3) activities were facilitate.	Not Achieved	R1, 950, 000	R505 770	Lack of a Tourism plan and strategy to develop the sector	A tourism project plan has been developed
<b>Municipal Strategic Objective : Build and Support broad-based black economic empowerment and sustainable, Small, Medium and Micro Enterprises (SMME's) business development</b>														
<b>Revised Strategic Objective : Support Broad Based Black Economic Development Empowerment through the development of sustainable Small, Medium and Micro Enterprise</b>														
58	Goal 11: City of sustainable and efficient resource management	LED5	Number of SMMEs and Cooperatives Assisted with Business Development Support Interventions by 30 June 2019	240	610	Achieved	200 x SMMEs and Cooperatives Assisted with Business Development Support Interventions	Notice of the advert inviting attendees;  Event Attendance Registers;	743 SMMEs and Cooperatives assisted with various business development interventions	Achieved	R0	R0	There was collaboration with more stakeholders	-

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
59	Goal 11: City of sustainable and efficient resource management	LED6	Number of jobs created through SMME & Cooperatives Development, Tourism, Agriculture, Industrial, and, Infrastructure Projects	500	1662	Achieved	≥500 of jobs created through SMME & Cooperatives Development, Tourism, Agriculture, Industrial, and, Infrastructure Projects	List of Employed People with Identity Numbers	557 Jobs were created as follows:  162 – LED 334 – DCD 61 - DRT	Achieved	R0	R0	The municipality had more programmes for job creation	-
Municipal Strategic Objective: Create an enabling environment for the attraction, retention and expansion of foreign and local investments														
Strategic Objective Replaced : Establish and maintain effective stakeholder relations in support of local economic development programmes														
60	Goal 11: City of sustainable and efficient resource management	LED7	Number of Partnership Agreements Facilitated for Local Economic Development by 30 June 2019	New	-	-	2 x Partnership Agreements Facilitated for Local Economic Development	MOU / MOA / SLAs	Three (3) partnerships agreements with an MOA signed with 1. Department of Public Works, 2. SLA signed with Department of Small Business	Achieved	R0	R0	The fasttracking of implementation of programmes led to more partnerships	-

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
									Development 3. Partnership support with SENWES through Agriworld collaboration.					
<b>5. MUNICIPAL STRATEGIC PRIORITY : Transform and maintain a vibrant and sustainable rural development</b>														
<b>Municipal Strategic Objective : Provide a conducive environment for rural economic development through sustainable SMMEs mentoring</b>														
<b>Revised Strategic Priority: Create a conducive local business environment that supports rural economic development</b>														
<b>61</b>	Goal 11: City of sustainable and efficient resource management	<b>LED8</b>	Number of Agricultural Projects Supported Through the Agricultural Support Programme by 30 June 2019	7	KPI withdrawn during adjustment	-	5 x Agricultural Projects Supported Through the Agricultural Support Programme	Approval letter / Letter of Confirmation / Projects Reports / Disposal Agreement	5  A total number of five (5) farming projects received support through the Agricultural Support Programme and Rhovan Mine for local farmers around Bethanie, Maumong, Modikoe,	<b>Achieved</b>	R15m	R 539 800	-	-

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year 2017-2018			Financial Year Under Review 2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
									Berseba & Makolokwe					

### 3.26.1.5 BASIC SERVICE DELIVERY

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
<b>MUNICIPAL STRATEGIC PRIORITY : Develop and sustain a spatial, natural and built environment</b>														
<b>Municipal Strategic Objective: Improve service delivery through provision of quality, reliable and cost-effective infrastructure based on the integrated spatial planning</b>														
<b>WATER SERVICES</b>														
<b>62</b>	Service Delivery: Sustainable Livelihoods and resilient infrastructure	<b>DTIS 1</b>	% of households with access to basic water by 30 June 2019	4 water projects	2 water projects	Not Achieved	≥90%	Report on % households with access to basic services	90.23%	Achieved	WSIG Allocation	-	More houses were provided with basic services	-
<b>63</b>	Service Delivery: Sustainable Livelihoods and resilient infrastructure	<b>DTIS 2</b>	% Reduction of Water losses by 30 June 2019	6%	-8.8%	Not Achieved	30%	IWA Balance progress report from Water Demand Management signed off by the Engineer	Water losses were at 46.54%	Not Achieved	R25m	-	Reporting was done on both physical and commercial losses which makes it difficult to conclude on actual losses.	Working on plan to separate physical losses from commercial losses.
<b>64</b>	Service Delivery: Sustainable Livelihoods and	<b>DTIS</b>	Number of Water Services Development Plan reviewed and tabled at	New	-	-	1 x Reviewed Water Services	Reviewed WSDP  Signed notice of MANCO as well as the	0	Not Achieved	R4m	-	The letter of appointment for the service provider was not signed by	Appointment of service provider to review the water

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
	resilient infrastructure		MANCO by 30 June 2019				Development Plan	MANCO agenda wherein the revised WSDP is tabled.					the accounting officer.	services development plan.
65	Service Delivery: Sustainable Livelihoods and resilient infrastructure	DTIS3	Number of Section 78 reports drafted and table at MANCO by 30 June 2019	New	-	-	1 x Section 78 Report	Final report on Section 78 Process  Signed notices of MANCO as well as the MANCO agenda wherein the Section 78 report is tabled.	1	Achieved	R2m	-		
66	Service Delivery: Sustainable Livelihoods and resilient infrastructure	DTIS5	Appointment of Transactional advisers for a Turnkey project for the upgrade/ Refurbishment of the substations and	New	-	-	1x Appointment of Service Provider	Letter of appointment	1	Achieved	R150m	-	Engineers did preliminary designs at risk. No loan funding was approved. No SLA is in place at Legal. Council requested external legal	Internal funding to be approved by Council to enable the refurbishment project to commence internally.



KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
			feeder lines by 30 June 2019										review. The process is on halt as any specification approval without the legal obligations in place cannot be accepted.	
67	Service Delivery: Sustainable Livelihoods and resilient infrastructure	DTIS6	Number of RFP to supply informal settlements with alternative energy technology system	New	-	-	1x request for proposals for alternative energy technology system for informal settlements	Advert calling for proposal	0	Not Achieved	R14m	-		
68	Service Delivery: Sustainable Livelihoods and resilient infrastructure	DTIS7	Number of operations to remove illegal connections by 30 June 2019	New	-	-	4 x operations to remove illegal connections	Report on operations carried to remove illegal connections	14 Operations were conducted.	Achieved	R62m	R60 458	Intensified action plan on illegal connections	
69	Service Delivery: Sustainable Livelihoods and resilient	DTIS8	Number of load controls procured by 30 June 2019	New	-	-	1x Load control	Purchase Order	0 Purchase order was not issued. Session agreement	Not Achieved	R6m	R0	Procurement processes not completed by the end of the financial year.	Fastracking of procurement processes.

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
	infrastructure								signed with the service provider					
70	Service Delivery: Sustainable Livelihoods and resilient infrastructure	DTIS9	Number of reviewed Electrical Infrastructure Master Plans tabled to MANCO by 30 June 2019	New		-	1 x Reviewed Electrical Infrastructure Master Plan	1 x Reviewed Electrical Infrastructure Master Plan  Signed notice of MANCO  MANCO agenda wherein the Electrical Infrastructure Master Plan is tabled	0  The master plan was not reviewed.	Not Achieved	R4m	-	Delay in procurement processes.	Procurement plan was developed

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
<b>Municipal Strategic Objective: Improved Public Transport Infrastructure and Services</b>														
<b>71</b>	Service Delivery: Sustainable Livelihoods and resilient infrastructure	<b>DRT 01</b>	Number of KMs completed for the integrated public transport system by 31 December 2018	4km	10 Km constructed	Achieved	≥3.4km	Completion certificate	Section B and C Completed, Practical completion certificated issued final completion will be submitted in September 2019.	Not Achieved	-	-	Section A was not completed due to legal contractual issues.	Contractor issued with notice to correct the works.
<b>72</b>	Service Delivery: Sustainable Livelihoods and resilient infrastructure	<b>DRT 03</b>	Number of 12-year Operational and Financial Plan for the Integrated Transport System Developed and tabled to MANCO by 30 June 2019	R0.5m	-	-	1x12-year operational and financial plan for the integrated public transport system	Signed Notice of MANCO and the MANCO Agenda wherein the 12-year operational and financial plan for the Integrated public	1 The Draft Interim Agreement between Rustenburg Local Municipality and Rustenburg Transit (RF) Proprietary Limited was tabled to the Special	Achieved	-	-		-

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
								transport system	Council of the 27 February 2019 per item 9.					
73	Service Delivery: Sustainable Livelihoods and resilient infrastructure		Number of integrated Road and storm-water master plan tabled to MANCO by 31 December 2018	New	-	-	1x Integrated Road and Storm-Water Master Plan	Approved Road and storm-water master plan Council resolution	0	Not Achieved	R0.5m	R0	The project was under-budgeted. Contractual dispute on the project.	Additional Budget requested on 2019/20 budget
74	Service Delivery: Sustainable Livelihoods and resilient infrastructure	R&T4	Kilometres of roads upgraded and or maintained by 30 June 2019	New	-	-	40xKMs of roads upgraded and or maintained	Progress report on construction Completion certificate	Achieved- 34.05 KM for blading and resurfacing of gravel roads and 40Km of road marking	Achieved	R4m	-	-	-
75	Service Delivery: Sustainable Livelihoods	DCD5	Number of wards with access to library services by 30 June 2019	New	-	-	31x wards with access to library services	Quarterly reports on	31 Wards having access to mobile library services:	Achieved	R0.2m	-	-	-

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
	and resilient infrastructure							library services	Additional mobile service provided to Rankelenyane and Freedom Park.					
<b>Municipal Strategic Objective: Implement quality and improved health and social services to communities</b>														
<b>76</b>	Goal 1 : Accessible and connected city	<b>DCD1</b>	Number of formal households provided with a weekly solid waste removal service by 30 June 2019	109550	116 535	<b>Achieved</b>	≥93 264 X households in formal areas with access to refuse removal service	BTO and DPHS Data Consolidated Weekly schedule	102 949 households provided with weekly solid waste removal service.	<b>Achieved</b>	R46.9m	-	<b>The service was extended to households not in the valuation roll</b>	-
<b>77</b>	Goal 1 : Accessible and connected city	<b>DCD2</b>	Number of Households in recognized Informal Settlements provided with a weekly solid waste removal service per week by 30 June 2019	New	-	-	≥23 271X Households in recognized Informal Settlements provided with a weekly solid waste removal service per week	Data from BTO	Eight (8) Informal settlements currently serviced. Ramochana, (New Yizoyizo) Nkandla, Freedompark, Freedompark Ext 4, Boitekong Ext 8 (Yizoyizo), Boitekong Ext 13,	<b>Not Achieved</b>	<b>R0</b>	-	Delays in the delivery and transfer of waste vehicles made it impossible to reach all settlements weekly.	Mitigation measure includes monthly collection of illegal dumping in all these settlements as done in June 2019.

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
									Ikageng & Plot 14.					
78	Goal 1 : Accessible and connected city	DCD6	Number of designs for the upgrade of Mpheni House tabled at MANCO by 30 June 2019	New	-	-	1 x Final Designs	1 x Designs  Signed Notice of MANCO and the MANCO Agenda wherein the Designs are tabled	1 Design for Mpheni House upgrade was finalised.	Achieved	R5m	-	-	-
79	Goal 10: City of Sustainable and efficient resource management	DCD7	Number of educational and awareness programmes conducted by 30 June 2019	New	-	-	24 x educational and awareness programmes conducted	Attendance register Quarterly report	95 Water, Parks, Fire, Sanitation, Waste and other Environment education and awareness programmes conducted	Achieved	R0.03m	-	More platforms created through weekly service delivery programme	-
80	Goal 5: City of Sustainable and efficient resource	DCD4	Percentage expenditure on Preventative maintenance of facilities through community partnerships by 30 June 2019	New	-	-	≥95% expenditure on preventative maintenance of facilities through	Stamped BTO spreadsheet confirming the capital expenditure on projects funded	The actual amount spent on preventative maintenance was R0.	Not Achieved	19.2m	-	The municipality was not able to secure services of cooperatives to assist with preventative maintenance due to inability	In July 2019, the Directorate has secured services of Community members to assist with

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
	managem nt						community partnerships	from CRR in line with the reported figures on the Section 71 report					of cooperatives to meet Supply Chain requirements.	preventative maintenance of public spaces
81	Goal 5: City of Sustainable and efficient resource managem nt	DCD3	Number of waste drop off facilities constructed within RLM by 30 June 2019	New	-	-	2 x drop off facilities	Pictures  Drop off and Collection Reports	1x drop off facility  Strumosa drop-off site constructed and started operating on the 29 <sup>th</sup> June 2019.	Not Achieved	R0.15m	-	Only 1 license could be issued for the municipality	-
MUNICIPAL STRATEGIC PRIORITY : Develop and sustain a spatial, natural and built environment														
Municipal Strategic Objective : Accelerated delivery and maintenance of quality basic and essential services to all communities														
82	City of smart liveable homes	DPS6	Number of Licensing and Testing Centre Established by 30 June 2019	New	-	-	1xLicensing and Testing Centre established	Quarterly Report	The Marikana Licensing and Testing Centre was operationalised from 12 April 2019.	Achieved	R0	-	-	-

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
83	City of smart liveable homes	DPS7	Number of firehouses fully operationalized by 30 June 2019	New	-	-	2x Fire Houses fully operationalized	Quarterly progress report	Fire houses not operationalized as at the end of June 2019.	Not Achieved	R0	-	Refurbishment of fire houses has not commenced.	Appointment of service provider to be fastracked
1.4 Municipal Strategic Priority : Explore and implement alternative eco-friendly and conservation intervention to preserve the environment														
84	City of smart liveable homes	DPS8	Number of weighbridges established by 30 September 2018	New			1X Weighbridge Established	Completion certificate	0	Not Achieved	R2.5m	-	The tender was awarded and the service provider withdrew	Appointment to be made in the new financial year.
Municipal Strategic Objective : Develop and implement education/awareness programmes to obtain community in and ownership in the use and protection of community municipal facilities														
85	City of smart liveable homes	DPS9	Number of education and awareness campaigns on crime prevention conducted by 30 June 2019	New	-	-	40 x education and awareness campaigns Conducted	Attendance register	63	Achieved	R0	--	There were more requests received from the community for campaigns.	-



KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
<b>4.3 Municipal Strategic Objective : Implement integrated community safety and security strategy and measures</b>														
86	City of smart liveable homes	DPS10	Number of crime prevention strategy and plan reviewed and tabled to MANCO by 30 June 2019	New	-	-	1 x crime prevention strategy and plan reviewed	Reviewed crime prevention strategy  Signed Notice of MANCO and the MANCO Agenda wherein the reviewed crime prevention strategy is tabled.	0	Not Achieved	R0	-	The strategy was reviewed in 2017/2018.	Strategy to be reviewed when it is due for review.
87	City of smart liveable homes	DPS11	Number of CPF meetings held by 30 June 2019	New	-	-	4 x CPF meetings	Attendance register	CPF Meetings held: 1. 17.10.18 2. 24.10.18 3. 18.06.19 4. 24.06.19	Achieved	R0	-	-	-
88	City of smart liveable homes	DPS12	Number of campaigns and operations conducted by 30 June 2019	New	-	-	40 x campaigns and operations conducted	List of programs Progress report	70	Achieved	R0	-	There were more requests received from the community	-

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
													for campaigns and operations	
89	City of smart liveable homes	DPS13	Number of road safety campaigns conducted by 30 June 2019	New			40 road safety campaigns conducted	Operational plan Deployment list	66	Achieved	R0	-	There was a need identified to conduct more training sessions at targeted areas and identified schools.	-

### 3.26.1.6 SPATIAL RATIONALE

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
90	Enhanced compliance with good	DPHS3	Number of the Spatial Development	1	1	Achieved	1 x Reviewed Spatial	1 x Spatial Development	The Draft SDF served before	Achieved	HDA Funding	-	-	-

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
	governance		Framework reviewed and tabled at council by 30 March 2019				Development Framework (SDF)	Framework (SDF) reviewed Signed Notice of Council as well as the Council Agenda wherein the reviewed SDF is on the Agenda	Council of 26/03/2019 as per item 25.					
91	Enhanced compliance with good governance	DPHS5	Number of Housing Sector Plan reviewed and tabled to council by 30 March 2019	New	-	-	1 x Housing Sector Plan reviewed	1 x Housing Sector Plan Signed Notice of Council as well as the Council Agenda wherein the revised Housing Sector Plan is on the Agenda	The Draft HSP served before Council of 26/03/2019 as per item 26	Achieved	HDA Funding	-	-	-

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
92	Implementation of precinct plan	DPHS6	Number of disposal agreements completed for Precinct plans by 30 June 2019	7	4	Not Achieved	3 x disposal agreement completed for precinct plans	Disposal agreements	0	Not Achieved	R0,5m	-	Delays in the finalisation of the Sale and Development Agreements. There is also an objection on the proposed. Waterval Industrial site, wherein three investors were allocated land for development.	Sale and Development Agreements to be finalized in the next financial year
93	Implementation of precinct plan	DPHS7	Number of Land Audit Reports conducted and tabled at MANCO by 30 June 2019	New	-	-	1 x Land Audit Report	1 x Land Audit Report Signed Notice of MANCO as well as the MANCO Agenda wherein the reviewed Land Audit Report is on Agenda	1 Final Land Audit Report was submitted on 28 June 2019.	Achieved	R1m	R800 000	-	-

KPI No.	Key Focus Area	KPI REF	Key Performance Indicator (KPI)	Previous Financial Year			Financial Year Under Review							
				2017-2018			2018-2019							
				Annual Target	Actual Performance	Achieved/ Not Achieved	2018/19 Annual Target	Portfolio of Evidence	Annual Actual Performance	Achieved/ Not Achieved	Budget	Expenditure	Reasons for Performance Variance	Corrective Measures
94	Eradication of housing backlog through provision of quality housing	DPHS 8	Number of Surveying concluded to enable township formalization by 30 June 2019	New	-	-	1x Surveying concluded to enable township formalization	Progress Report	Elalini Surveys was appointed for Panel of Land Surveys to attend to the formalization of Boitekong Ext 2 and 8, various studies have been done and a layout produced.	Achieved	R4m	R700 000	-	-
95	Improving internal process and system	DPHS 2	Procurement of Integrated GIS software license by 30 June 2019	New	-	-	1x GIS System	1 x Integrated GIS software license	The license was not procured	Not Achieved	R3m	R0	It was indicated that GIS will be part of the financial system, which the municipality had recently procured.	To utilise the GIS module which is part of the financial system.

### 3.27 ASSESSMENT OF PERFORMANCE OF SERVICE PROVIDERS

No.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	CONTRACT VALUE	COMMENCE- MENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
							YES	NO	YES	NO	
1	RLM/DPHS/0097/2016/17	NE Town Planning cc	Rustenburg Land Use Scheme	R1 275 610.00	02 November 2018	02 May 2020	Yes		Yes		Consultant working on the Tables (Table A) as well as the schedules of the schemes
2	RLM/DPHS/0097/2016/17	MOK Development	Boitekong Master Plan	R450 000.00	10 April 2018	November 2019	Yes		Yes		Item submitted to the Council meeting of July to request for Public participation
3	RLM/DPHS/0097/2016/17	MOK Development	Waterval Industrial Township Establishment	R1 040 000.00	17 April 2018	17 April 2020	Yes		Yes		Application submitted. Public participation done. Objection received
4	RLM/DPHS/0094/2016/17	Elalini Surveys	Formalization of Various Erven in Boitekong 2 and 8	R2 469 500.00	30 July 2018	30 July 2020	Yes		Yes		Draft layout submitted Various studies have been done (e.g Geotech, EIA, floodline, etc)
5	RLM/DPHS/0097/2016/17	Reneilwe Consulting Planners	Rustenburg Land Audit	R966 023.00	18 September 2018	18 September 2019	Yes		Yes		Final Report submitted to the Unit Estate
6	RLM/DPHS/0094/2016/17	Nyamezela Metering	Surveying of various portions of land for purpose of An Educational Hub	R54 418.00	06 May 2019	06 August 2019	Yes		Yes		Sketch Plan submitted
7	RLM/DC/0096/2016/17	Osheqs Solutions (Pty) Ltd	Occupational Health and Safety,	As and when basis	24 October 2017	23 September 2020	Yes		Yes		Ongoing Project

No.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	CONTRACT VALUE	COMMENCE- MENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
							YES	NO	YES	NO	
			Biological Monitoring and Medical Surveillance								
8	RLM/DCS/0098/16/17	Motswako Office Solution	Pinters		17-Jan-18	17-Jan-21	Yes		Yes		Satisfactory
9	Via deviations	Bukino Technologies	Information Communications Technology Network Upgrade and Maintenance		30-Dec-13	30-Dec-16	Yes		Yes		Satisfactory
10	RLM/BTO/0045/16/17	Doyze Enterprises cc & Tsalena Media cc	Advertising Agency for Print Media		2-Nov- 17	02-Nov-20	Yes		Yes		Ongoing Project
11	Via deviations	Gijima	Recruitment		03-Jan-17	31-Dec-17	Yes		Yes		Ongoing Project
12	Via deviations	MIE	For screening		11-Jan-17	Lapsed	Yes		Yes		Ongoing Project
13	RLM/DPS/0083/2014/15	White Leopards	Security	R15 000 000	02 October 2015	02 October 2018	Yes		Yes		THE MATTER HAS BEEN TAKEN FOR A REVIEW BY MABOTWANE
14	RLM/DPS/0083/2014/15	Mabotwane	SECURITY	R21 000 000	02 OCTOBER 2015	02 OCTOBER 2018	Yes		Yes		THE MATTER HAS BEEN TAKEN FOR A REVIEW BY MABOTWANE
15	RLM/DPS/0026/2017/18	MARCE' Projects	SUPPLY, DELIVERY & MAINTANANCE OF RESCUE PUMPER	R4 028 284.41	11 OCTOBER 2018	11 SEPTEMBER 2019	Yes		Yes		STILL IN PRGRESS
16	RLM/DPS/0043/2013/14	J.S.T Construction	Design and Construction of CCTV monitoring unit building	R7 299 050.00	October 2013						Matter on intervention was referred to Legal during October 2018
17		DRECA Trading and Enterprises	Installation of Biometrics and Maintenance		10 APRIL 2018	10 APRIL 2021	Yes				STILL IN PROGRESS

No.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	CONTRACT VALUE	COMMENCE- MENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
							YES	NO	YES	NO	
18	RLM/DPS/0025/2017/18	MMT PROJECTS	Traffic Management Systems	R11 138 099	02 FEBRUARY 2018	01 FEBRUARY 2021	Yes			X	THE MATTER REFERED TO LEGAL FOR POSSIBLE TERMINATION OF CONTRACT.
19	N/A	Department of Transport	Service of Motor Vehicle Registration and Licensing	80/20 appropriation of revenue received	02 MARCH 2011	02 MARCH 2016		Yes			EXPIRED (AWAITING NEW SLA)
20	RLM/DLED/0011/2018/2019	Agriworld Global (Pty) Ltd	Agricultural Support Programme	R6,511,115.80 for 3 years  R 530 000. 00 has been paid to date during the financial year 2018/2019	22/3/2019	After 3 Years	Yes		Yes		*Operational Plan *Situational Analysis of current applications for agricultural support* *Registered 14 farmers to attend the NAMPO Exhibitions * Trained 69 Livestock Farmers. 3-year contract. *Service provider is continuing with farm assessments. *the Technical Committee has recommended projects to the AMM for supports and implantation.



No.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	CONTRACT VALUE	COMMENCE- MENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
							YES	NO	YES	NO	
21	RLM/DLED/0012/2018/2019	Hlakudi Consulting	Co-operative Developmental Programme	R489,000.00	10/07/2019	After Years	Yes		Yes		Operational Plan has been submitted. 3 Year contract
22	RLM/DTIS/0030/2017/18	Motivated Construction Team 14	Flea Market Construction	R11,898,711.45		After 08 Months from appointment. Extension of time has been requested.					*Construction at 95% completion * The lift has been delivered and is being installed
23	RLM/DLED/0044/2018/19	In process	ICC	R0.00	N/A	N/A					Tender is at BEC stage
24	RLM/DLED/0073/2018/19	In process	University Hub	R0.00	N/A	N/A					Tender is at BEC stage
25	RLM/DLED/0029/2018/19	To be closed by SCM	LED strategy	R0.00	N/A	N/A					Awaiting submission of closing report to BAC as there were no suitable bids received
26	RLM/DLED/0057/2018/2019	Incomplete	Outdoor Advertising Furniture	RFP	N/A	N/A					External legal advice for PPP
27	RLM/DTIS/0030/2017/18	Masedi Electric - Serve	Electrical Repairs & Maintenance	Panel		2020					In process
28	RLM/DTIS/0030/2017/18	Masedi Electric - Serve	Labour for Public Lightning	Panel	07-Mar-19	2021					In process
29	RLM/DTIS/0030/2017/18	Rebaone Electrical & Construction	Electrical Repairs & Maintenance	Panel		2020					In process
30	RLM/DTIS/0030/2017/18	Rebaone Electrical & Construction	Labour for Public Lightning	Panel	07-Mar-19	2021					In process
31	RLM/DTIS/0030/2017/18	Rebaone Electrical & Construction	Electrification of Seraleng Phase 5	R10m	10-Apr-19	2021					In process
32	RLM/DTIS/0030/2017/18	SBS	Labour for Public Lightning	Panel	07-Mar-19	2021					In process
33	RLM/DTIS/0030/2017/18	V2V Consulting	Labour for Public Lightning	Panel	07-Mar-19	2021					In process
34	RLM/DTIS/0030/2017/18	Ampcor Khanyisa		Panel							Not yet allocated work.

No.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	CONTRACT VALUE	COMMENCE- MENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
							YES	NO	YES	NO	
35	RLM/DTIS/0024/2017/18	Risimati Consulting Engineers	Municipal Infrastructure and Building projects	Panel	06-Oct-17	2020					In process
36	RLM/DTIS/0024/2017/18	Risimati Consulting Engineers	Design and Project Management of Seraleng Ext 5 Electrification	Panel	21-Jun-18	2019					
37	RLM/DTIS/0024/2017/18	Ampcon		Panel							No work yet but shortlisted for Dinnie Estate Bulk line design and Project Management.
38	RLM/DTIS/0024/2017/18	Zakumi Consulting	Appointed for Water and Sanitation Service Section 76 to 78 process	R482 562.49	04-Apr-18	28-Jun-19	Yes				Correspondence to BTO for payment, no payment has been done so far, consultant reluctant to release Final report until payment is done.
39	RLM/DPS/0033/2017/18	RNT Consulting	Appointed for WCWDM	R53,199,245.00	05-Feb-18	05-Feb-21	Yes				Contract Suspended
40	RLM/DTIS/0024/2017/18	Dionetix	Appointed as consultants for Rustenburg Noord AC Water Replacement	Panel	20-Mar-19	15-Dec-19		No			The progress is at 30%, however the project is on hold due to non-payment.
41		Dionetix	Appointed as consultants for Tierkloof and Rustenburg Noord	Panel							
42	RLM/DTIS/0030/2017/18	DKPB	Appointed as contractor for Rustenburg Noord	R17,672,778.18	20-Mar-19	15-Dec-19		No (Form of Offer)	Yes		The progress is at 30%, however the project is on hold due to non-payment.
43	RLM/DTIS/0030/2017/18	SMEC	Appointed as consultants for CBD, Zinniaville, Karlien Park and Industrial areas	Panel	18-Jun-18	19-Dec-20					The progress is at 5% the contractor is continuing with exposing of services and installation of pipes.
44	RLM/DTIS/0030/2017/18	Zookie Construction	Appointed as contractor for CBD,	R31,152,563.90	18-Jun-18	19-Dec-20					

No.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	CONTRACT VALUE	COMMENCE- MENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
							YES	NO	YES	NO	
			Zinniaville, Karlien Park and Industrial areas								
45	RLM/DTIS/0030/17/18	Diges	Drilling of Boreholes for Dinnie Estates, Bethanie, Modikwe, Barseba, Lekgalong	R20,700,000.00	Dec-18	Jun-18		No			Project on Going - Awaiting Roll over Approval. No SLA, Only Form of Offer in Place
46	RLM/DTIS/0102/2017/18	NyamboseTrading	Supply and Deliver Motor Vehicle/Heavy Duty Tyres and Batteries	R3,348,716.23	May-17	2020	Yes				As and when needed
47	RLM/DTIS/0102/2017/18	Bona Moilola Trading	Supply and Deliver Motor Vehicle/Heavy Duty Tyres and Batteries	Panel	May-17	2020			No		As and when needed
48	RLM/DTIS/0105/2017/18	C&M Air Conditioning	Supply and Installation of Air installation of Air conditioner	Panel	May-17	2020			No		As and when needed
49	RLM/DTIS/0054/2017/18	Jodenco Trading & Projects	Supply and Delivery of Motor Vehicle/Heavy duty and Auto spares	R3,348,716.23	May-17	2020			No		As and when needed
50	RLM/DTIS/0054/2017/18	NyamboseTrading	Supply and Delivery of Motor Vehicle/Heavy duty and Auto spares	Panel	May-17	2020	Yes				As and when needed
51	RLM/DTIS/0105/2017/18	Itumeleng Air Conditioning	Supply and Installation of Air installation of Air conditioner	Panel	May-17	2020	No				As and when needed
52	RLM/DTIS/0024/2017/18	FMA Engineers	Appointed as Consultant for Upgrading of Marikana Outfall Sewer and Pumpstation	Panel	Jun-19	Dec-19	No				The progress is at 15%.
53	RLM/DTIS/0030/2017/18	DKPB	Appointed as Contractor for Upgrading of Marikana Outfall Sewer and Pumpstation	R8,245,708.12	Jun-19	Dec-19		No (Form of Offer)			The progress is at 15%.

No.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	CONTRACT VALUE	COMMENCE- MENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
							YES	NO	YES	NO	
54	RLM/RRT/0124/2017/18	NJR Projects	Construction of the Rustenburg Rapid Transport Stations Superstructures	R178 212 805.99 3 years	22/3/2019	After 3 Years	Yes		Yes		Construction 8 months behind due to prolonged appointment of Sub-contractors and Labour
55	RLM/RRT/0024/2017/18	Drop Dot	Construction Monitoring on the station super-structures	R 17 714 376 22 for 3 years	10/07/2019	3 years	Yes		Yes		Service provider behind due to delay on the contractor delay
56		Drop Dot	Refurbishment of the Mpheni Precinct	R 172m	February 2019	June 2030	yes		Yes		The Contractor has submitted preliminary designs and concept as was required. The contract value has to be reduced due to financial state of the municipality. This will also result in change of project scope and extent.
57	RLM/MM/0063/2015/2016	Umso Construction	The Implementation of a turnkey project by a civil contractor to provide services for the detail design construction of the Rustenburg Rapid Transport contract A, CBD Section A	R190 246 852.92	8 July 2016	After 08 Months from appointment. Extension of time has been requested.	Yes		Yes		Contractual dispute
58	RLM/MM/0063/2015/2016	MCivils	The Implementation of a turnkey project by a civil contractor to provide services for the detail design	R145 435 607.54	8 July 2016	Complete	Yes		Yes		Completed

No.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	CONTRACT VALUE	COMMENCE- MENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
							YES	NO	YES	NO	
			construction of the Rustenburg Rapid Transport contract A, CBD Section B								
59	RLM/MM/0063/2015/2016	MCivils	The Implementation of a turnkey project by a civil contractor to provide services for the detail design construction of the Rustenburg Rapid Transport contract A, CBD Section C	R184 574 636.36	8 July 2016	Complete	Yes		Yes		Completed
60	RLM/MM/0076/2015/16	MCivils	Construction of the Rustenburg Rapid Transport Feeder Routes Phase 1A	R82 216 603.82	24 November 2016	Complete	Yes		Yes		Completed
61	RLM/MM/0034/2015/16	Mncendisi Ndlovu and Sedumedi Inc	The appointment of	R 14 481 720.00		In progress	Yes		Yes		Contract on track and performing according to scope
62	RLM/MM/0034/2015/16	Solvem Consulting PTY LTD	The appointment of Technical Advisors for the Rustenburg Local Municipality on the Implementation of the Rustenburg Rapid Transport	R 3 461 077.62		In Progress	Yes		Yes		Contract on track and performing according to scope
63	RLM/MM/0056/2015/16	StratAlign	Appointment of the Independent Facilitator for the Rustenburg Rapid Transport	R 7 573 539.84		Expired	Yes		Yes		
64		Rustenburg Transit PTY LTD	Bus Operating Company	R 5.3m		In progress		No	Yes		Bus acquisition

## CHAPTER FOUR : ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

### COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

#### 4.1 WORKFORCE TOTALS

**Table 4.1 Workforce Totals**

Directorate	Division	No of posts	No Employees	Vacancies	Funded	Unfunded	Appointment Outside Organogram
	Director & Admin Support	6	5	1	1	0	0
	Community Facilities	590	259	331	56	275	0
Community	Libraries & Information Serv.	90	52	38	12	26	0
Development	Waste Management	316	167	149	19	130	0
	Integrated Environmental Mang	4	4	0	88	431	0
	Civil Facilities & Maintenance	33	30	3	8	0	0
	<b>Sub-Total</b>	<b>1039</b>	<b>517</b>	<b>522</b>	<b>184</b>	<b>862</b>	<b>0</b>
	Director & Admin Support	5	4	1	0	0	0
Corporate	Human Resources	46	25	21	4	23	2
Support Services	Information Technology	26	11	15	2	13	3
	Admin Support Services	44	28	16	11	7	1
	Occupational Health & Safety	27	8	19	3	16	0
	<b>Sub-Total</b>	<b>148</b>	<b>76</b>	<b>72</b>	<b>20</b>	<b>59</b>	<b>6</b>
	Director & Admin Support	10	7	3	0	3	0
	Electrical Engineering	297	110	187	15	172	0
	Mechanical Engineering	72	35	37	9	29	0
Infrastructure	Water and Sanitation	500	167	333	16	317	80
Services	<b>Sub-Total</b>	<b>879</b>	<b>319</b>	<b>560</b>	<b>40</b>	<b>521</b>	<b>80</b>
	Director & Admin Support	10	5	5	2	3	0
	Building Control & Regulations	16	11	5	3	2	0
	Development Planning	29	19	10	8	2	0
	Unit Housing	23	29	-6	1	5	0
Planning	Estate Admin & Land Sales	15	7	8	3	5	0
	<b>Sub-Total</b>	<b>93</b>	<b>71</b>	<b>22</b>	<b>17</b>	<b>17</b>	
	Director & Admin Support	9	5	4	3	1	0
	Emergency & Disaster Mang.	325	68	257	19	248	0
<b>Directorate</b>	<b>Division</b>	<b>No of posts</b>	<b>No Employees</b>	<b>Vacancies</b>	<b>Funded</b>	<b>Unfunded</b>	<b>Appointment Outside Organogram</b>
	Licensing & Testing	107	64	43	15	29	0

Public Safety	Traffic Services	362	100	262	11	254	0
	Law Enforcement	128	90	38	12	26	0
	<b>Sub-Total</b>	<b>931</b>	<b>327</b>	<b>604</b>	60	558	0
Budget and Treasury	CFO & Deputy CFO & Admin Sup	5	3	2	2	3	0
	Revenue & collection	87	34	53	4	49	0
	Billing	61	37	24	9	15	0
	Financial Management	51	30	21	3	18	0
	Financial Control	23	15	8	2	7	0
	Intern National Treasury		8		2	6	0
	Supply Chain Management	51	25	26	3	24	14
	<b>Sub-Total</b>	<b>278</b>	<b>152</b>	<b>126</b>	25	122	14
Local Economic Development	Director & Admin Support	5	4	1	1	1	0
	Trade & Invest/Rural Dev	12	1	11	2	9	0
	Economic Research & Policy	9	4	5	2	3	0
	Enterprise Development	17	5	12	2	10	0
	<b>Sub-Total</b>	<b>43</b>	<b>14</b>	<b>29</b>	7	23	
Office of the Municipal Manager	MM & Admin Support	10	6	4	3	0	4
	Strategy & Planning	9	4	5	1	1	4
	Project Management	25	10	15	3	13	0
	Legal & Valuation	10	5	5	3	2	0
	Auditing	8	7	1	0	0	0
	Risk Management	4	2	2	0	0	0
	Corporate Pool	3	0	3	0	0	0
	RCC Offices	39	23	16	9	9	0
	Customer Care	57	26	31	8	23	0
Rustenburg Rapid Transport	<b>Sub-Total</b>	<b>165</b>	<b>83</b>	<b>82</b>	27	48	8
	Director & Admin Support	10	4	6	5	0	0
	Roads & Stormwaterter	228	170	58	25	33	0
	Intern RRT (3 yr contract)	10	0	10	0	0	0
	<b>Sub-Total</b>	<b>248</b>	<b>174</b>	<b>74</b>	30	33	0

Directorate	Division	No of posts	No Employees	Vacancies	Funded	Unfunded	Appointment Outside Organogram
Executive Mayor	Admin Support Services	14	12	2	3	0	0
	Mayoral Admin Officer	10	10	0	3	0	0
	Communication	5	5	0	0	0	0
	Intergovernmental Relations	3	2	1	0	0	0
	Special Projects	7	5	2	1	1	0
	VIP Protection Services	4	2	2	0	0	0
	Monitoring & Evaluation	6	3	3	0	0	0
Office of Chief Whip	Admin Support Services	9	2	7	5	0	0
Office of the Speaker	<b>Sub-Total</b>	<b>58</b>	<b>41</b>	<b>17</b>	<b>12</b>	<b>1</b>	<b>0</b>
	Sub-Total	22	12	10	3	0	0
	<b>TOTAL</b>	<b>3904</b>	<b>1786</b>	<b>2118</b>	<b>425</b>	<b>2244</b>	<b>108</b>

**Table 4.2 Vacancy Rate = 45.31%**

Vacancy Rate: 2018/19				
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
<b>TOTALS</b>		<b>3904</b>	<b>1769</b>	<b>45.31</b>

**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
2018/2019	1754	48	2.7



## 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

**Table 4.4 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	The policy was approved by Council as per resolution 160 of 31 May 2016 and has not been reviewed again. An item will be tabled to Council in March 2020 to review the policy.	Provision of tools of trade for officials to enable them to perform work diligently
5	Records Management Policy	0%	LLF	The policy was approved by Council as per resolution 154 of 31 May 2016 but the application for disposal of RLM records has not been approved by the Provincial Archives and Records Service, the policy cannot be reviewed since the Provincial department has not executed its functions.	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 June 2019 to cascade performance management to all levels in the organisation.

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### 4.4 SKILLS DEVELOPMENT AND TRAINING

#### 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.

**Table 4.5 Bursaries Awarded**

NUMBER OF EMPLOYEES ENROLLED	BUDGET	AMOUNT SPEND	% Expenditure
67	R710 000	R624 836.10	88%

#### 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.

**Table 4.6 Skills Programme**

Skills Programmes and other short courses			
Budget	Expenditure	%	Number of employees trained
R2.1m	R704 100.00	34%	158

**4.5 COURSE ATTENDANCE: 1 JULY 2018 UNTIL 30 JUNE 2019**
**Table 4.7 Courses Attended**

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										African		Coloured		Asian		White	
				BTO	LED	PHS	PS	CD	TIS	RRT	DCS	MM	EXC	M	F	M	F	M	F	M	F
Environmental Law NWU CEM 02.1.1	2018/07/16-20	S Cawa	Waste					1						1							
Induction  Mr Bard Mtyotja	2018/08/27	K Pitsoe	Traffic Services				1								1						
		N Nkosi	HR								1			1							
		M Tsitsi	Law Enforcement				1							1							
		P Mabeleng	Law Enforcement				1							1							
		R B Mokhoame	Traffic Services				1							1							
		N Pile	Civil Facilities						1						1						
		N Khumalo	Internal Audit									1			1						
		F Khunou	Civil Facilities						1						1						
		K M Mpete	Law Enforcement				1								1						
		M Seilane	Law Enforcement				1								1						
		Mabe Sebolao	Traffic Services				1							1							
		K Lekorwe	Civil Facilities						1					1							
		K R Letsholo	Civil Facilities						1						1						
		J Molefe	Mechanical						1					1							
		M Mashiane	Civil Facilities						1					1							
		A Motlogelwa	Civil Facilities						1					1							
		K Phetoe	Traffic Services				1								1						
		L Nthuping	Traffic Services				1								1						
		L Morake	Traffic Services				1								1						
		K Ntsoane	Traffic Services				1							1							
		T Sithole	Law Enforcement				1							1							
		O Ngakane	Law Enforcement				1								1						
		P Mangole	Mechanical						1					1							
		B Moyo	Mechanical						1					1							
		E T Mataboge	Civil Facilities					1						1							
		T S Diale	Civil Facilities					1							1						
		B S Matebele	Mechanical						1					1							
		T Letjoane	Fin. Mng.	1										1							
FIRST AID LEVEL 1-3	2018/09/3-6	M.K Molosi	Waste					1						1							
		C.D Letshelo	Admin						1						1						
Training Room 5th floor		P.M Makhabalo	Mechanical						1					1							
		N.H Ngcobo	Roads						1						1						

Elective Training Intitute		O.M Mudluli	Electrical						1						1						
		B.M Thabane	Sanitation						1						1						
		G.E Konopi	Sanitation						1						1						
		T.K Matabage	Mechanical						1						1						
		M.P Molefe	Sanitation						1						1						
		J.K Masike	Roads									1			1						
		D.H Maema	Waste					1							1						
		P.O Lekanyane	Estate			1									1						
		C.K Mekgwe	enterprise		1										1						
		R Maboke	Fin. Mng.	1											1						
		P. Setshotlho	Electrical						1						1						
		M.Machaba	Waste					1							1						
		M.Ratshimolo	Waste					1							1						
		T.G Mphotshwane	Roads						1						1						
		K.G Pule	Water services						1						1						
		B.M Thabane	Sanitation						1						1						
Induction	2018/10/23	A Kema	Admin									1									1
		K Monosi	Civil Facilities					1							1						
Mr Simon Seitei		Y Poswa	Civil Facilities	1											1						
		P Jack	Fin. Mng.	1											1						
		T Ramokgadi	Fin. Mng.	1											1						
		K Tau	Fin. Mng.	1											1						
		R Kgwadi	Fin. Mng.	1											1						
		M Motlhage	Civil Facilities					1							1						
		T Moleofi	Civil Facilities					1							1						
		B Molau	Civil Facilities					1							1						
		R Hoosen	Fin. Mng.	1											1						
		S Botha	Fin. Mng.	1											1						
		H Ngqola	Civil Facilities					1							1						

		M Lebang	Civil Facilities				1						1						
		B Kgasi	Civil Facilities				1						1						
Induction	2018/10/23	S Sgudu	Fin. Mng.	1									1						
		T Modile	Civil Facilities				1						1						
Mr Simon Seitei		R Monageng	Fin. Mng.	1									1						
		L Mere	Fin. Mng.	1									1						
		B Tsatsane	Civil Facilities				1						1						
		V Pilane	Admin								1		1						
		J Matshegafele	Civil Facilities				1						1						
		M Molifi	Civil Facilities				1						1						
		O Mfuloane	Civil Facilities				1						1						
		B Magae	Communications								1		1						
MFMP	29/10/2018 -	T Ramokgadi	Fin. Mng.	1									1						
	2019/07/05	P Jack	Fin. Mng.	1									1						
Orbit TVET College		R Kgwadi	Fin. Mng.	1									1						
(KYM Management Consulting)		K Tau	Fin. Mng.	1									1						
		R Hoosen	Fin. Mng.	1									1						
		S Sgudu	Fin. Mng.	1									1						
Mr Kuda Mac		S Botha	Fin. Mng.	1									1						
		R Monageng	Fin. Mng.	1									1						
		N Rampete	Admin				1						1						
		E Komane	Admin		1								1						
Presiding Over	2018/11/15-16	P Mahapela	HR								1		1						
Disciplinary Hearing		P Kgosimore	EOM										1						
& Grievances		F Mokhwiti	PS				1						1						
		M Halenyane	P H S			1							1						
SALGA		V P Bergh	Elec Eng						1				1						
		S Shabangu	OSP										1						
		M Tebeli	RCC									1	1						
		V Mdhluli	BOT	1									1						
		B Manuel	OMM									1	1						

		N Rampete	Com Dev					1						1						
		F Ntlhamu	PMU									1	1							
		T Sehloho	LED		1								1							
Confind Space	2019/09/20-22	Petja S J	W&Sanitation						1					1						
(KYM Management		Mondi I	W&Sanitation						1					1						
Consulting)		Nkomo GK	W&Sanitation						1						1					
		Nxumalo S	W&Sanitation						1					1						
		Modise CK	W&Sanitation						1					1						
		Snyers KS	W&Sanitation						1						1					
		Ramela S	W&Sanitation						1					1						
		Ratlhaa TJ	W&Sanitation						1					1						
		Modisane KS	W&Sanitation						1					1						
		Ratshomo KF	W&Sanitation						1					1						
		Mafora KE	W&Sanitation						1					1						
		Kgaladi D	W&Sanitation						1						1					
		Masimong L	W&Sanitation						1					1						
		Tsatsane B	W&Sanitation						1					1						
		Konopi T	W&Sanitation						1					1						
		Tserema T	W&Sanitation						1					1						
		Moshau N	W&Sanitation						1					1						
		Sibanda G	W&Sanitation						1					1						
		Molefe V	W&Sanitation						1					1						
		Mahapela M	W&Sanitation						1					1						
		Maponyane B	W&Sanitation						1					1						
		Mathulwe a	W&Sanitation						1					1						
		Mogapi T	W&Sanitation						1						1					
		Pule J	W&Sanitation						1						1					
		Manthe L	W&Sanitation						1					1						
		Motlhophe P	W&Sanitation						1					1						

		Lebelo B	W&Sanitation						1						1						
		Segale T	W&Sanitation						1						1						
		Molete R	W&Sanitation						1						1						
		Adams B	W&Sanitation						1						1						

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES	African	Coloured		Asian	White												
				BTO	LED	PHS	PS	CD	DTIS	RRT	DCS	MM	EXC	M	F	M	F	M	F	M	F
Working At Height	20-22/02/19	Motlou EB	Electrical						1						1						
KYM Management		Tshwaane S	Electrical						1					1							
Consulting		Mampane L	Electrical						1					1							
		Msibi VB	Electrical						1					1							
		Lekaba L	Electrical						1					1							
		Raphadu MC	Electrical						1					1							
		Rakgokong PP	Electrical						1					1							
		Gaboutlwelwe PL	Electrical						1					1							
		Nkosi SN	Electrical						1						1						
		Mataboge H	Electrical						1						1						
		Phito H	Electrical						1					1							
		Masoleng A	Electrical						1					1							
		Kale DK	Electrical						1					1							
		Lesejane LS	Electrical						1					1							
		Serame B	Electrical						1					1							
		Sethole P	Electrical						1					1							
		Tivane S	Electrical						1					1							
		Nkele E	Electrical						1					1							
		Molefe L	Electrical						1					1							
		Difotso I	Electrical						1					1							
		Phethoni S	Electrical						1					1							
		Mulaudzi E	Electrical						1					1							
		Ramawela E	Electrical						1					1							
		Petros S	Electrical						1					1							
Hazard Identification	2019/02/18-19	Malau B							1					1							
& Risk Assessment		Raphadu C							1					1							
(HIRA)		Babeile B							1						1						



		Seeketsa G							1						1						
		Pule K							1						1						
		Modisane V							1						1						
		Kgaladi N							1						1						
		Sejamohoto E							1						1						
Hazard Identification	2019/02/18-19	Seeketsa G	W& Sanitation						1						1						
& Risk Assessment		Pule K	W& Sanitation						1						1						
(HIRA)		Modisane V	W& Sanitation						1						1						
		Kgaladi N	W& Sanitation						1						1						
		Sejamohoto E	W& Sanitation						1						1						
		Mampete L	W& Sanitation						1						1						
		Msibi V	W& Sanitation						1						1						
		Lekaba P	W& Sanitation						1						1						
		Nkele E	W& Sanitation						1						1						
		Tivane S	W& Sanitation						1						1						
		Thabane B	W& Sanitation						1						1						
		Mutavhatsino T	W& Sanitation						1						1						
		Vries S	W& Sanitation						1						1						
		Setsibe I	W& Sanitation						1						1						
		Ramawela E	Electrical						1						1						
		Molefe MP	W& Sanitation						1						1						
		Tshwaane S	Electrical						1						1						
		Lebelwane W	W& Sanitation						1						1						
		Chuma T	W& Sanitation						1						1						
		Mulaudzi E	Electrical						1						1						
		Mokhutshwane T	W&Sanitation						1						1						
		Molemane O	W& Sanitation						1						1						
		Sedumedi A	W& Sanitation						1						1						
		Motshegwa K	W&Sanitation						1						1						
		Letsoalo T	W&Sanitation						1						1						
		Molefe L	W&Sanitation						1						1						

		Difotso I	Electrical						1					1							
		Digashu K	W&Sanitation						1						1						
		Nkele E	Electrical						1					1							
HRD	2019/03/12-15	Moyo E S	HR								1				1						
		Thebe T N	HR								1				1						
Stellenboch University		Mtyotja B M	HR								1			1							
Dr Zweli		Nkosi N	HR								1			1							
		Nocuse D	Parks								1			1							
				19	2	2	1	17	13	0	1	3	2	32	29	0	0	0	0	0	1

**Total Number Trained: 158**

## COMPONENT D: MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

### 4.6 EMPLOYEE EXPENDITURE

#### INTRODUCTION

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

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

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

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

**Table 4.8 Personnel Expenditure**

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)
2017/2018				
2018/2019				

#### Number of Employees whose Salaries were increased

**Table 4.9 Salary Increases**

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
<b>TOTAL</b>			0	0

## CHAPTER FIVE: 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.

Total Revenue (including Gains and Fair Value Adjustments) increased by R634 million in 2018/19 compared to 2017/18 financial year. The expenditure for 2018/19 increased by R1.2 billion compared to the actual of 2017/18 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 deficit of R497 million in 2018/19.

### STATEMENT OF FINANCIAL PERFORMANCE

**Table 5.1 Financial Performance**

Description	Controlling entity	
	2019 R'000	2018 Restated R'000
Total Revenue (including Gains and Fair Value Adjustments)	4 816 568	4 182 196
Total expenditure	(5 314 084)	(4 105 762)
Surplus (deficit) for the year	(497 516)	76 434

## Overall Operating Results

### Total Revenue (including Gains and Fair Value Adjustments)

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

**Table 5.2 Breakdown of the Largest Categories of Revenue**

Revenue	2019	2018
	R'000	R'000
<b>Total Revenue (including Gains and Fair Value Adjustments)</b>		
Service Charges	2 927 040	2 605 233
Rental of Facilities and Equipment	20 137	12 474
Interest Received from Trading Activities	282 389	0
Agency Services	1 037	19 934
Licenses and Permits	16 772	10 398
Other Income	9 959	9 647
Interest Received (Other)	15 501	13 097
Property Rates	353 910	330 842
Government Grants & Subsidies	1 156 353	1 158 567
Fines, Penalties and Forfeits	8 046	14 580
Gain on Disposal of Assets	953	4 101
Fair Value Adjustments	24	16
Actuarial Gains	24 447	3 307
<b>Grand Total Revenue (including Gains and Fair Value Adjustments)</b>	<b>4 816 568</b>	<b>4 182 196</b>

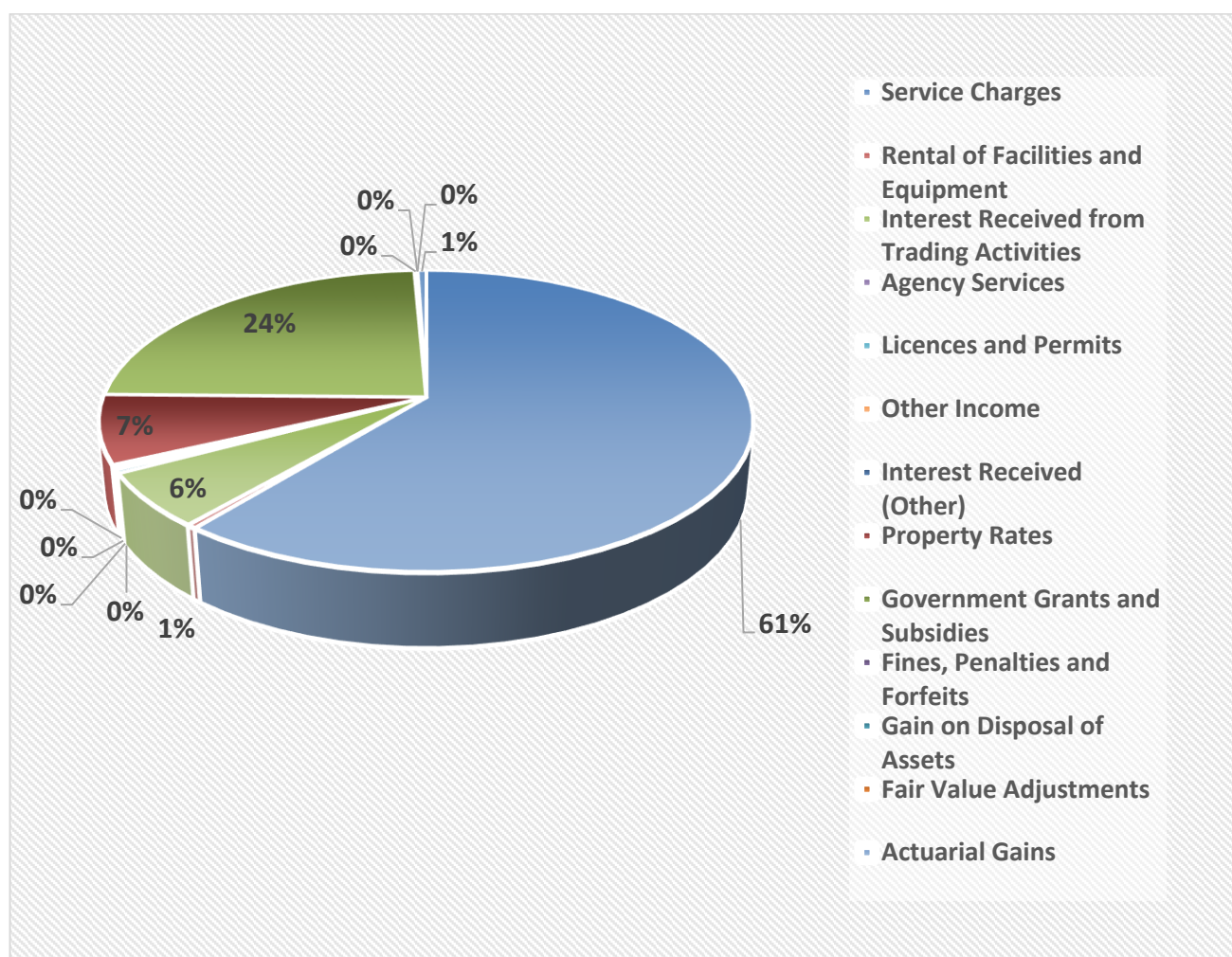


Figure 5.1 Total Revenue (including Gains and Fair Value Adjustments)

**ASSESSMENT BY THE ACCOUNTING OFFICER OF THE MUNICIPALITY'S PERFORMANCE FOR REVENUE COLLECTION PER REVENUE SOURCE (INCLUDING GAINS AND VALUE ADJUSTMENTS)**

REVENUE SOURCE	30 June 2019	30 June 2018	30 June 2017
Service Charges	2 927 040	2 605 233	2 579 996
Rental of Facilities and Equipment	20 137	12 474	9 321
Interest received - trading	282 389	-	211 829
Agency Services	1 037	19 934	18 975
Licences and Permits	16 772	10 398	10 584
Other Income	9 959	9 647	29 526
Interest received - other	15 501	13 097	15 227
Property Rates	353 910	330 842	306 748
Government Grants and Subsidies Received	1 156 353	1 158 567	989 415
Fines, Penalties and Forfeits	8 046	14 580	5 811
Gain on disposal of assets	953	4 101	4 042
Fair value adjustments	24	16	6
Actuarial gains	24 447	3 307	8 427
<b>TOTAL REVENUE (INCLUDING GAINS AND FAIR VALUE ADJUSTMENTS)</b>	<b>4 816 568</b>	<b>4 182 196</b>	<b>4 189 907</b>
<b>REVENUE COLLECTION</b>	<b>5 082 263</b>	<b>4 226 334</b>	<b>4 094 464</b>
<b>PERFORMANCE FOR REVENUE COLLECTION PER SOURCE</b>	<b>106%</b>	<b>101%</b>	<b>98%</b>

The municipality's performance for revenue collection is 106%, which has improved from 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 2019
Vote 1 - EXECUTIVE MAYOR	267 141
Vote 2 - MUNICIPAL MANAGER	116 985
Vote 3 - CORPORATE SUPPORT SERVICES	7 078
Vote 4 - BUDGET AND TREASURY	384 909
Vote 5 - PUBLIC SAFETY	28 684
Vote 6 - PLANNING AND HUMAN SETTLEMENT	22 531
Vote 7 - LOCAL ECONOMIC DEVELOPMENT	2 829
Vote 8 - COMMUNITY DEVELOPMENT	165 567
Vote 9 - TECHNICAL AND INFRASTRUCTURE	3 820 845
<b>TOTAL REVENUE (INCLUDING GAINS AND FAIR VALUE ADJUSTMENTS)</b>	<b>4 816 568</b>

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

	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2017</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Gross balances</b>			
Consumer debtors - Rates	313 801	306 412	251 301
Consumer debtors - Electricity	901 622	772 389	601 062
Consumer debtors - Water	1 393 240	1 205 307	1 023 664
Consumer debtors - Sewerage	355 928	336 495	278 290
Consumer debtors - Refuse	383 091	355 951	315 423
Consumer debtors - Other	1 480 128	1 022 586	1 067 369
	<b>4 827 810</b>	<b>3 999 140</b>	<b>3 537 109</b>
<b>Less: Impairment of debtors</b>			
Consumer debtors - Rates	- 313 736	- 276 867	- 216 419
Consumer debtors - Electricity	- 816 338	- 634 699	- 475 940
Consumer debtors - Water	- 1 390 495	- 1 168 662	- 936 435
Consumer debtors - Sewerage	- 355 907	- 329 670	- 243 915
Consumer debtors - Refuse	- 383 072	- 356 410	- 287 777
Consumer debtors - Other	- 1 478 668	- 967 742	- 982 782
	<b>- 4 738 216</b>	<b>- 3 734 050</b>	<b>- 3 143 268</b>
<b>Net balances</b>			
Consumer debtors - Rates	65	29 545	34 882
Consumer debtors - Electricity	85 284	137 690	125 122
Consumer debtors - Water	2 745	36 645	87 229
Consumer debtors - Sewerage	21	6 825	34 375
Consumer debtors - Refuse	19	459	27 646
Consumer debtors - Other	1 460	54 844	84 587
	<b>89 594</b>	<b>265 090</b>	<b>393 841</b>
Percentage Decrease Net balance 2017 to 2018			-33%
Percentage Decrease Net balance 2018 to 2019			-66%

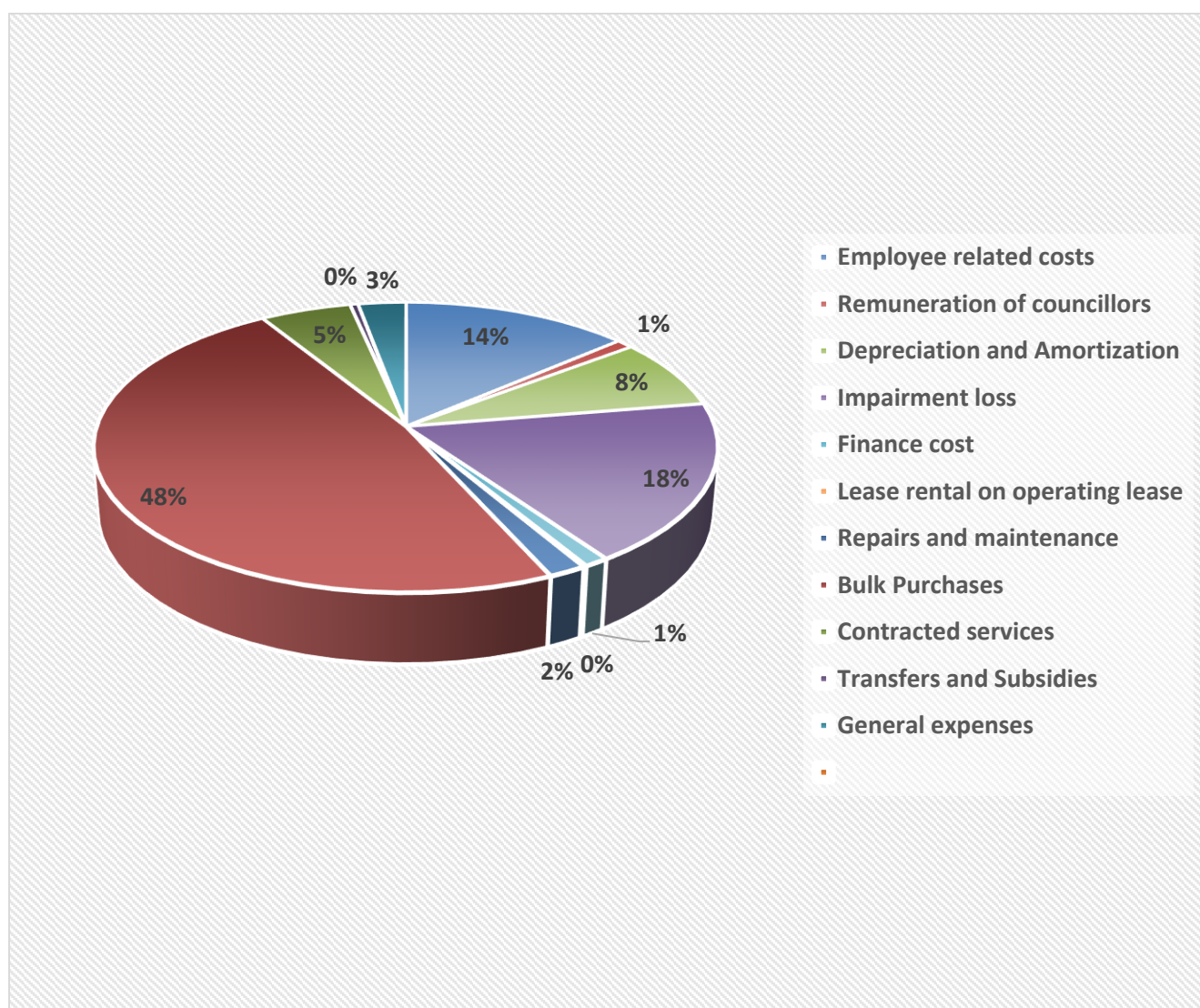
**Operating Expenditure**

The graph below gives the break down per main expenditure group



**Table 5.3 Breakdown per main expenditure group**

Expenditure		2019	2018
		R'000	R'000
Employee Related Costs		-720 419	-607 225
Remuneration of Councillors		-53 751	-38 650
Depreciation and Amortization		-415 390	-386 727
Impairment loss		-953 431	-550 557
Finance Costs		-60 376	-60 328
Lease rentals on operating lease		-7 462	-9 586
Repairs and Maintenance		-92 071	-98 279
Bulk Purchases		-2 548 211	-1 900 558
Contracted Services		-286 746	-211 150
Transfers and Subsidies		-25 085	-107 032
General Expenses		-151 142	-135 670
<b>Total expenditure</b>		<b>- 5 314 084</b>	<b>- 4 105 762</b>



**Figure 5.2 Analysis of financial position as at the 30 June 2019**

**Table 5.4 Asset Management**

	Economic entity	
	2019	2018
Current Assets	835 040	687 669
Non-Current Assets	9 066 140	8 864 667
<b>Total Assets</b>	<b>9 901 180</b>	<b>9 552 336</b>
Current Liabilities	1 879 213	1 059 124
Non-Current Liabilities	675 309	718 596
<b>Total Liabilities</b>	<b>2 554 522</b>	<b>1 777 720</b>

**EMPLOYEE RELATED COSTS**

The actual expenditure on remuneration expressed as a percentage of the total expenditure has marginally decreased from the previous year. The employee related costs as a percentage of total expenditure is at 14.64 %.

**Table 5.5 Employee Related Costs**

Description	Economic entity	
	2019	2018
	R'000	R'000
Total revenue (including Gains and Fair Value Adjustments)	4 890 892	4 248 794
Total expenditure	(5 318 678)	(4 097 962)
Employee related costs	724 916	612 373
Remuneration of councillors	53 751	38 650
<b>Total Employee Related Costs and Councillors Remuneration</b>	<b>778 667</b>	<b>651 023</b>
Ratio: % of Revenue	15.92	15.32
Ratio: % of Expenditure	14.64	15.89
% growth in remuneration expenses	20	7

**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 30<sup>th</sup> 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 2018/2019 financial year:

**Table 5.7 Bid Committee Meetings**

<b>Bid Specification Committee</b>	<b>Bid Evaluation Committee</b>	<b>Bid Adjudication Committee</b>
24	17	14

#### **DISPOSAL MANAGEMENT**

No disposables were carried out in the 2018/2019 financial year

#### **BIDS AWARDED**

**Table 5.8 Bids Awarded**

<b>Description</b>	<b>2018/2019</b>
Number of bids awarded	18 bids were awarded with a total number 54 service providers being appointed
The total value of bids awarded	17 bids were awarded on rates per unit price and bid was awarded for R13 978 577
Number of bids awarded for capital projects	19
The total value of bids awarded for capital projects	Bids were awarded on rates per unit price
Number of bids awarded for operational projects	35
Total value of bids awarded for operation projects	34 bids were awarded on rates per unit price and one bid was awarded for R13 978 577
Number of bids awarded locally	41
Value of bids awarded locally	Bids were awarded on rates per unit price
Number of bids awarded locally for capital projects	13
Value of bids awarded locally for capital projects	Bids were awarded on rates per unit price
Number of bids awarded locally on Operational projects	27
Value of bids awarded locally on Operation projects	Bids were awarded on rates per unit price

## QUOTATION AWARDED

**Table 5.10 Quotations Awarded**

Description	2018/2019
Number of quotations awarded	65
The total value of quotation awarded	R3 729 244.60 NB: Other quotations were awarded on rates per unit price
Number of Quotations awarded locally	49
Value of Quotations awarded locally	R3 066 393.32 NB: Other quotations were awarded on rates per unit price

## INVENTORY MANAGEMENT

The stock balance after the annual stock count reflects R 44 576 000. The electrical equipment is treated as PPE in line with the Generally Recognized Accounting Practice. The total amount for the identified electrical equipment is R27 080 000. The remaining amount of R17 497 000 is treated as consumable stores and disclosed under inventory.

## **CHAPTER SIX: 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 2018/2019**



## 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 (the group) set out on pages 210 to 317, which comprise the consolidated and separate statement of financial position as at 30 June 2019, 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 this auditor's 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 2019, and their financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (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, 2018 (Act No. 1 of 2018) (DoRA).

#### Basis for qualified of opinion

##### Cash and cash equivalents

3. I was unable to obtain sufficient appropriate audit evidence for cash and cash equivalents as reconciliations were not correctly performed and supported with sufficient appropriate audit evidence. I was unable to confirm the cash and cash equivalents by alternative means. Consequently, I was unable to determine whether any adjustment relating to cash and cash equivalents of R601 141 000 and R512 364 000 as presented in the consolidated and separate statement of financial position and disclosed in note 17 to the consolidated and separate financial statements was necessary.

##### Property, plant and equipment

4. I was unable to obtain sufficient appropriate audit evidence for infrastructure assets due to fact that the underlying supporting registers were not sufficiently accurate and complete and projects included in work-in-progress due to limitations placed on the scope of my work. I was unable to confirm these infrastructure assets and work-in progress projects by alternative means. In addition, the closing balance of work-in-progress projects did not agree to the underlying supporting documents resulting in an overstatement of R1 628 958 (2018: R10 058 387). The municipality also did not disclose information relating to property, plant and equipment in the process of being constructed that is taking a significantly longer period of time to complete or where construction has been halted as required by paragraphs 87(b) and (c) of GRAP 17, *Property, plant and equipment*. Consequently, I was unable to determine whether any further adjustments relating to property, plant and equipment of R8 894 111 000

and R8 288 926 000 (2018: R8 681 703 000 and R8 090 443 000) as disclosed in note 4 or the depreciation on property, plant and equipment of R443 735 000 and R405 061 000 (2018: R411 597 000 and R374 742 000) included in the depreciation and amortisation expense as disclosed in note 34 to the consolidated and separate financial statements were necessary.

### **Expenditure**

5. I was unable to obtain sufficient appropriate audit evidence that services paid for was rendered. This was due to limitations placed on the scope of my work, as the municipality did not have adequate systems in place to ensure that payments are only made for services rendered. I could not confirm this expenditure by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to general expenses of R230 937 000 and R151 142 000 (2018: R215 337 000 and R135 670 000) and contracted services of R286 616 000 and R286 746 000 (2018: R209 903 000 and R211 150 000) as presented in the consolidated and separate statement of financial performance and disclosed in notes 39 and 38 to the consolidated and separate financial statements.

### **Employee related cost**

6. I was unable to obtain sufficient appropriate audit evidence for employee related cost. This was due to limitations placed on the scope of my work by the municipality. I could not confirm this employee related cost by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to employee related cost of R724 916 000 and R720 419 000 as presented in the consolidated and separate statement of financial performance and disclosed in note 32 to the consolidated and separate financial statements.

### **VAT receivable**

7. The municipality did not correctly account for VAT as the municipality did not maintain adequate records of VAT on payables and receivables. I was unable to determine the full extent of the misstatement on the VAT receivable of R63 230 000 and R63 871 000 (2018: R113 701 000 and R114 116 000) as disclosed in note 15 to the consolidated and separate financial statements as it was impracticable to do so.

### **Payables for exchange transactions**

8. 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. In addition, the municipality did not recognise all creditors resulting in payables from exchange transactions and work in progress being understated by R2 703 286. Consequently, I was unable to determine whether any further adjustment relating to payables from exchange transactions of R1 435 367 000 and R1 610 981 000 (2018: R844 297 000 and R965 477 000) as disclosed in note 23 to the consolidated and separate financial statements was necessary.

### **Government grants and subsidies**

9. 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. In addition, during the previous year 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 amount. Consequently, I was unable to determine whether any further adjustments relating to revenue from government grants and subsidies of R1 156 353 000 (2018: R1 158 567 000) as disclosed in note 31 and the unspent conditional grants and receipts of R298 571 000 (2018: R46 426 000) as disclosed in note 20 to the consolidated and separate financial statements were necessary.

### **Irregular expenditure**

10. Section 125 of the MFMA requires the disclosure of irregular expenditure incurred. The municipality made payments of R713 683 295 (2018: R682 636 537) in contravention with the supply chain management requirements which were not included in irregular expenditure

disclosed. As the municipality did not quantify the full extent of the irregular expenditure, it was impracticable to determine the resultant understatement of irregular expenditure. In addition, I was unable to obtain sufficient appropriate audit evidence for irregular expenditure due to the state of the accounting records. I was unable to confirm the irregular expenditure by alternative means. Consequently, I was unable to determine whether any further adjustment to irregular expenditure of R5 130 981 000 (2018: R4 716 341 000) as per note 55 to the consolidated and separate financial statements was necessary.

### Commitments

11. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for commitments due to significant differences between the amounts disclosed and the underlying supporting register. I was unable to confirm these prior year commitments by alternative means. In addition, there was a difference of R189 846 578 between the value of the commitments disclosed and the underlying supporting documents. Also, the municipality did not correctly disclose all capital commitments as required by paragraph 86(b) of GRAP 17, *Property, plant and equipment*. I was unable to determine the total resulting impact on commitments as it was impracticable to do so. Consequently, I was unable to determine whether any further adjustment relating to commitments of R681 827 000 and R649 946 000 (2018: R698 040 000 and R609 966 000) as disclosed in note 44 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 this auditor's report.
13. I am independent of the municipality and its subsidiary in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants*, parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA codes) 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 codes.
14. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### Material uncertainty relating to going concern

15. I draw attention to the matter below. My opinion is not modified in respect of this matter.
16. I draw attention to the statement of financial performance of the consolidated and separate financial statements, which indicates that the municipality incurred a net loss of R427 786 000 during the year ended 30 June 2019 and, as of that date the municipality's current liabilities exceeded its current assets by R1 044 173 000. As stated in note 51, these events or conditions, along with other matters as set forth in note 51, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

### Emphasis of matters

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

### Unauthorised and fruitless and wasteful expenditure

18. As disclosed in note 53 to the consolidated and separate financial statements, unauthorised expenditure of R1 036 181 000 was incurred in the current year and unauthorised expenditure of R1 029 199 000 in respect of prior years have not yet been dealt with in accordance with section 32 of the MFMA.



19. As disclosed in note 54 to the consolidated and separate financial statements, fruitless and wasteful expenditure of R793 000 was incurred in the current year and fruitless and wasteful expenditure of R2 172 000 from prior years have not yet been dealt with in accordance with section 32 of the MFMA.

#### **Material losses**

20. As disclosed in note 56 to the consolidated and separate financial statements, material water losses of 22 911 000kl (2018: 16 917 000kl) was incurred as a result of water lost through the distribution process, which represents 52.64% (2018: 41.25%) of total water purchased.

#### **Restatement of corresponding figures**

21. As disclosed in note 48 to the consolidated and separate financial statements, the corresponding figures for 30 June 2018 were restated as a result of errors in the consolidated and separate financial statements of the municipality at, and for the year ended, 30 June 2019.

#### **Other matters**

22. I draw attention to the matter below. My opinion is not modified in respect of this matter.

#### **Unaudited disclosure notes**

23. 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 consolidated and separate financial statements 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 Standards of GRAP and the requirements of the MFMA and the DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
25. In preparing the consolidated and separate financial statements, the accounting officer is responsible for assessing the Rustenburg Local 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 this auditor's 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 objectives presented in the annual performance report. I was engaged to perform procedures to raise findings but not to gather evidence to express assurance.
29. I was engaged to evaluate 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 objectives presented in the annual performance report of the municipality for the year ended 30 June 2019:

Objectives	Pages in the annual performance report
KPA 1: Basic service delivery and infrastructure development	150 – 161

30. 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.
31. The material findings in respect of the usefulness and reliability of the selected objectives are as follows:

### KPA 1: Basic service delivery and infrastructure development

#### % Capital expenditure on grant projects implemented by 30 June 2019

32. The indicator and target ">95%" were approved in the service delivery and budget implementation plan (SDBIP) but omitted in the annual performance report. This change was not approved.

#### Various indicators

33. The reported achievements of the following indicators in the annual performance report were not consistent with the planned and reported targets. Furthermore, I was unable to obtain sufficient appropriate audit evidence for these reported achievements. This was due to limitations placed on my work. Consequently, I was unable to determine whether any adjustments were required to the following reported achievements:

Indicator description	Planned and reported target	Reported achievement
Number of KMs completed for the integrated public transport system by 31 December 2018	≥3.4km	Section B and C Completed, Practical completion certificated issued final completion will be submitted in September 2019.
Number of Households in recognized Informal Settlements provided with a weekly solid waste removal service per week by 30 June 2019	≥23 271X Households in recognized Informal Settlements provided with a weekly solid waste removal service per week	Eight (8) Informal settlements

## Various indicators

34. Measures taken to improve performance were not disclosed in the annual performance report for the following indicators:

Indicator description	Planned and reported target	Reported achievement
Number of RFP to supply informal settlements with alternative energy technology system	1x request for proposals for alternative energy technology system	0
Number of waste drop off facilities constructed within RLM by 30 June 2019	2 x drop off facilities	1x drop off facility

## Various indicators

35. The reported achievements in the annual performance report did not agree to the supporting evidence provided for the indicators listed below. The supporting evidence provided indicated that the achievements of these indicators were as follows:

Indicator description	Reported achievement	Audited value
Number of Section 78 reports drafted and table at MANCO by 30 June 2019	1 x Section 78 conducted to ensure Profitable water & sanitation business unit	0
Number of 12-year Operational and Financial Plan for the Integrated Transport System Developed and tabled to MANCO by 30 June 2019	1	0

## Various indicators

36. I was unable to obtain sufficient appropriate audit evidence for the reported achievements of the following indicators. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements in the annual performance report of the indicators listed below:

Indicator description	Reported achievement
% of households with access to basic water by 30 June 2019	90.23%
Number of operations to remove illegal connections by 30 June 2019	14 Operations were conducted.
Kilometres of roads upgraded and or maintained by 30 June 2019	34.05 km for blading and resurfacing ng of gravel roads and 40 km of road marking
Number of formal households provided with a weekly solid waste removal service by 30 June 2019	102 949 households provided with weekly solid waste removal service.
Number of educational and awareness programmes conducted by 30 June 2019	95 Water, Parks, Fire, Sanitation, Waste and other Environment education and awareness programmes conducted
Number of education and awareness campaigns on crime prevention conducted by 30 June 2019	63 x education and awareness campaigns
Number of campaigns and operations conducted by 30 June 2019	70 x campaigns and operations conducted

Indicator description	Reported achievement
Number of road safety campaigns conducted by 30 June 2019	66 road safety campaigns conducted

### % Reduction of Water losses by 30 June 2019

37. The source information and evidence for achieving the planned indicator was not clearly defined. Furthermore, the achievement against the target “≤ 30%” reported in the annual performance report was “46.54%”. However, the supporting evidence provided did not agree to the reported achievement and indicated an achievement of “52.64%”.

### Other matters

38. I draw attention to the matters below.

### Achievement of planned targets

39. Refer to the annual performance report on pages 116 to 172 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 32 to 37 of this report.

### Adjustment of material misstatements

40. We identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of KPA 1 - Basic service delivery and infrastructure development. As management subsequently corrected only some of the misstatements, we raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

## Report on audit of compliance with legislation

### Introduction and scope

41. 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.
42. The material findings on compliance with specific matters in key legislation are as follows:

### Annual financial statements and annual reports

43. The consolidated and separate 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 current assets, expenditure and disclosure items identified by the auditors in the submitted consolidated and separate financial statements were subsequently corrected, but the uncorrected material misstatement and supporting records could not be provided which resulted in the consolidated and separate financial statements receiving a qualified audit opinion.

### Strategic planning and performance management

44. Annual performance objectives and indicators were not established for Rustenburg Water Services Trust or included in multi-year business plan, as required by section 93B(a) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA).
45. The performance of Rustenburg Water Services Trust was not monitored and reviewed as part of the annual budget process, as required by section 93B(b) of the MSA.

## **Expenditure management**

46. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
47. 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.
48. Reasonable steps were not taken to prevent unauthorised expenditure of R1 036 181 000, as disclosed in note 53 to the consolidated and separate financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by debt impairment being higher than anticipated when assessing the collectability of debtors and overspending of the technical and infrastructure vote.

## **Utilisation of conditional grants**

49. Performance in respect of programmes funded by the Municipal Infrastructure Grant and the Public Transport Network Grant were not evaluated within two months after the end of the financial year, as required by section 12(5) of the DoRA.
50. I was unable to obtain sufficient appropriate audit evidence that the Public Transport Network Grant was spent for its intended purposes in accordance with the applicable grant framework, as required by section 17(1) of the DoRA.

## **Procurement and contract management**

51. 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. Similar limitation was also reported in the prior year.
52. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(a) and (c).
53. Some competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2). Similar non-compliance was also reported in the prior year.
54. Some contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).
55. Sufficient appropriate audit evidence could not be obtained that the preference point system was applied in all procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act. Similar limitation was also reported in the prior year.
56. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to bidders based on pre-qualification criteria that were stipulated in the original invitation for bidding, in contravention of regulation 4(1) and 4(2) of the 2017 Preferential Procurement Regulations.
57. A construction contract was awarded to contractors that did not qualify for the contract in accordance with section 18(1) of the CIDB Act and CIDB regulations 17 and 25(7A).
58. Some bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by regulation 8(2) of the 2017 Preferential Procurement Regulations.
59. Sufficient appropriate audit evidence could not be obtained that the performance of some of the contractors or providers was monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar limitation was also reported in the prior year.
60. Sufficient appropriate audit evidence could not be obtained that the contract performance and monitoring measures and methods were sufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA.

61. Awards were made to providers who were in the service of other state institutions, in contravention of section 112(j) of the MFMA and SCM regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM regulation 38(1).
62. Sufficient appropriate audit evidence could not be obtained that persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality disclosed such interest, in contravention of SCM regulation 46(2)(e).
63. Sufficient appropriate audit evidence could not be obtained that persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality disclosed such interest, in contravention of SCM regulation 46(2)(e) and the code of conduct for staff members issued in terms of the MSA. Similar non-compliance was also reported in the prior year.

#### **Asset management**

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

#### **Liability management**

65. An effective system of internal control for liabilities (including a liability register) was not in place, as required by section 63(2)(c) of the MFMA.

#### **Consequence management**

66. Unauthorised, irregular 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.
67. Allegations of financial misconduct against senior managers were not always tabled before council, as required by regulation 5(2) of the Disciplinary Regulations for Senior Managers.

#### **Other information**

68. 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 objectives presented in the annual performance report that have been specifically reported on in this auditor's report.
69. My opinion on the consolidated and separate 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.
70. 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 objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
71. 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**

72. 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, the findings on the annual 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 sufficient or effective to ensure that findings from prior years and root causes are adequately addressed. 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.
- Management did not adequately review all information in the consolidated and separate financial statements and the report on predetermined objectives before submission for audit. Monthly reconciliations were not adequately performed or reviewed which resulted in numerous limitations reported.
- Management did not implement appropriate risk management activities to identify risks and shortfalls in the municipality's financial systems, 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 were compromised by management's inability to adequately address and react to the audit committee and internal audit's findings and recommendations.

## Other reports

73. 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 consolidated and separate financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the consolidated and separate financial statements or my findings on the reported performance information or compliance with legislation.

## Investigations

74. 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 2017-18 financial year. This investigation was still in progress at the date of this report.
75. A forensic audit firm was appointed to investigate the SCM regulation 32 appointment of a service provider appointed in the 2016-17 financial year. The investigation was finalised in August 2018 and was subsequently referred to the DPCI.
76. A forensic audit firm was appointed to investigate the SCM regulation 32 appointment of a service provider appointed in June 2017. The investigation was finalised in August 2019 and was subsequently referred to DPCI.
77. A forensic audit firm was appointed to investigate the SCM regulation 32 appointment of a service provider appointed in the 2016-17. The investigation was finalised in December 2018 and was subsequently referred to DPCI.
78. The Commercial Crime Investigation Unit are investigating possible fraud that occurred in the 2016-17 financial year. The investigation was still in progress at the date of this report.
79. An allegation of fraud committed by officials of the municipality that occurred in 2014 was referred to the DPCI for investigation. Criminal proceedings are underway.
80. An allegation of fraud that occurred in the 2013-14 financial year was referred to the DPCI for investigation. The investigation was still in progress at the date of this report.
81. An allegation of fraud that occurred in the 2015-16 financial year was referred to the DPCI for investigation. The investigation was still in progress at the date of this report.
82. An allegation of fraud committed by officials of the municipality that occurred in the 2017-18 financial year was referred the DPCI for investigation. The investigation was concluded and the case referred to the National Prosecuting Authority (NPA) for prosecution.

83. An allegation relating to procurement irregularities that occurred in the 2012-13 financial year was referred the DPCI for investigation. The investigation was concluded and the case referred to the National Prosecuting Authority (NPA) for prosecution.
84. An allegation of fraud that occurred in the 2016-17 financial year was referred to the DPCI for investigation. The investigation was still in progress at the date of this report.
85. An allegation of fraud that occurred in the 2015-16 financial year was referred to the South African Police Service (SAPS) for investigation. The investigation was still in progress at the date of this report.
86. Three matters relating to alleged procurement irregularities was referred to the DPCI for investigation. The investigation was still in progress at the date of this report.

Auditor-General

Rustenburg

17 December 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 objectives development priorities 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 consolidated and separate 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 and its subsidiary’ 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 consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the consolidated and separate 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 consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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.

## 6.2 CONSOLIDATED ANNUAL FINANCIAL STATEMENTS



Rustenburg Local Municipality Consolidated Annual  
Financial Statements for the year ended 30 June 2019

<b>Legal form of entity</b>	Municipality (MFMA) : Category B
<b>Mayoral committee</b>	
Executive Mayor	Khunou, M (Executive Mayor)
	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)
<b>Capacity</b>	High Capacity
<b>Accounting Officer</b>	Komane, E (Acting)
<b>Chief Finance Officer (CFO)</b>	Ditsele, G
<b>Registered office</b>	Missionary Mpheni House Cnr, Nelson Mandela & Beyers Naude Drives Rustenburg 0299
<b>Postal address</b>	P O Box 16 Rustenburg 0300
<b>Bankers</b>	ABSA BANK (Primary Bank)
<b>Auditors</b>	Auditor-General of South Africa (AGSA)

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Index

---

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

	<b>Page</b>
Accounting Officer's Responsibilities and Approval	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes in Net Assets	6
Cash Flow Statement	7
Statement of Comparison of Budget and Actual Amounts	8 - 9
Accounting Policies	10 - 37
Notes to the Consolidated Annual Financial Statements	38 - 103

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)

## 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 he 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.

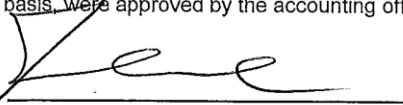
The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However, any system 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 2020 and, in the light of this review and the current financial position, he 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 102, which have been prepared on the going concern basis, were approved by the accounting officer on 30 September 2019.



Mr. Edward Komane  
Acting Municipal Manager

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Statement of Financial Position as at 30 June 2019

Figures in Rand Thousand	Note(s)	Economic entity		Controlling entity	
		2019	2018 Restated*	2019	2018 Restated*
<b>Assets</b>					
Current Assets					
Inventories	12	42 538	31 139	42 538	31 139
Finance lease receivables	8	-	-	206	166
Operating lease asset	9	78	121	78	121
Receivables from exchange transactions	13&16	114 633	262 560	102 837	248 853
Receivables from non-exchange transactions	14&16	13 420	49 514	13 420	49 514
VAT receivable	15	63 230	113 701	63 871	114 116
Cash and cash equivalents	17	601 141	230 634	512 364	117 372
		<b>835 040</b>	<b>687 669</b>	<b>735 314</b>	<b>561 281</b>
Non-Current Assets					
Investment property	3	169 589	180 346	169 589	180 346
Property, plant and equipment	4	8 894 111	8 681 703	8 288 926	8 090 443
Intangible assets	5	34	52	34	52
Heritage assets	6	1 369	1 369	1 369	1 369
Investments	7	1 037	1 197	1 038	1 198
Finance lease receivables	8	-	-	1 844	2 050
		<b>9 066 140</b>	<b>8 864 667</b>	<b>8 462 800</b>	<b>8 275 458</b>
<b>Total Assets</b>		<b>9 901 180</b>	<b>9 552 336</b>	<b>9 198 114</b>	<b>8 836 739</b>
<b>Liabilities</b>					
Current Liabilities					
Other financial liabilities	21	64 995	57 649	33 805	30 009
Finance lease obligation	19	7 719	6 988	7 719	6 988
Payables from exchange transactions	23	1 435 367	844 297	1 610 981	965 447
Consumer deposits	24	49 364	51 631	49 364	51 631
Employee benefit obligation	10	6 071	5 501	6 071	5 501
Unspent conditional grants and receipts	20	298 571	46 426	298 571	46 426
Provisions	22	17 126	46 632	17 126	46 632
		<b>1 879 213</b>	<b>1 059 124</b>	<b>2 023 637</b>	<b>1 152 634</b>
Non-Current Liabilities					
Other financial liabilities	21	440 533	504 052	385 782	418 131
Finance lease obligation	19	4 871	12 590	4 871	12 590
Employee benefit obligation	10	90 640	84 270	90 640	84 270
Provisions	22	139 265	117 684	139 265	117 684
		<b>675 309</b>	<b>718 596</b>	<b>620 558</b>	<b>632 675</b>
<b>Total Liabilities</b>		<b>2 554 522</b>	<b>1 777 720</b>	<b>2 644 195</b>	<b>1 785 309</b>
<b>Net Assets</b>		<b>7 346 658</b>	<b>7 774 616</b>	<b>6 553 919</b>	<b>7 051 430</b>
Reserves					
Revaluation reserve	18	266 138	266 339	-	-
Accumulated surplus		7 080 520	7 508 277	6 553 919	7 051 430
<b>Total Net Assets</b>		<b>7 346 658</b>	<b>7 774 616</b>	<b>6 553 919</b>	<b>7 051 430</b>

## Statement of Financial Performance

		Economic entity		Controlling entity	
Figures in Rand Thousand	Note(s)	2019	2018 Restated*	2019	2018 Restated*
<b>Revenue</b>					
<b>Revenue from exchange transactions</b>					
Service charges	25	2 991 159	2 662 930	2 927 040	2 605 233
Rental of facilities and equipment	26	20 137	12 474	20 137	12 474
Interest received (trading)		282 389	-	282 389	-
Agency services		1 037	19 934	1 037	19 934
Licenses and permits		16 772	10 398	16 772	10 398
Other income	27	9 959	9 824	9 959	9 647
Interest received - other	28	25 696	22 181	15 501	13 097
<b>Total revenue from exchange transactions</b>		<b>3 347 149</b>	<b>2 737 741</b>	<b>3 272 835</b>	<b>2 670 783</b>
<b>Revenue from non-exchange transactions</b>					
<b>Taxation revenue</b>					
Property rates	29	353 910	330 842	353 910	330 842
<b>Transfer revenue</b>					
Government grants & subsidies	31	1 156 353	1 158 567	1 156 353	1 158 567
Fines, Penalties and Forfeits		8 046	14 580	8 046	14 580
<b>Total revenue from non-exchange transactions</b>		<b>1 518 309</b>	<b>1 503 989</b>	<b>1 518 309</b>	<b>1 503 989</b>
<b>Total revenue</b>		<b>4 865 458</b>	<b>4 241 730</b>	<b>4 791 144</b>	<b>4 174 772</b>
<b>Expenditure</b>					
Employee related costs	32	(724 916)	(612 373)	(720 419)	(607 225)
Remuneration of councillors	33	(53 751)	(38 650)	(53 751)	(38 650)
Depreciation and amortization	34	(454 064)	(423 582)	(415 390)	(386 727)
Impairment loss	35	(953 771)	(550 717)	(953 431)	(550 557)
Finance costs	36	(73 902)	(77 039)	(60 376)	(60 328)
Lease rentals on operating lease		(7 462)	(9 586)	(7 462)	(9 586)
Repairs and maintenance		(101 828)	(108 460)	(92 071)	(98 279)
Bulk purchases	37	(2 428 611)	(1 781 264)	(2 548 211)	(1 900 558)
Contracted services	38	(286 616)	(209 903)	(286 746)	(211 150)
Transfers and Subsidies	30	(2 820)	(71 051)	(25 085)	(107 032)
General Expenses	39	(230 937)	(215 337)	(151 142)	(135 670)
<b>Total expenditure</b>		<b>(5 318 678)</b>	<b>(4 097 962)</b>	<b>(5 314 084)</b>	<b>(4 105 762)</b>
<b>Operating (deficit) surplus</b>		<b>(453 220)</b>	<b>143 768</b>	<b>(522 940)</b>	<b>69 010</b>
Gain on disposal of assets		963	4 101	953	4 101
Fair value adjustments	40	24	16	24	16
Actuarial gains	10&22	24 447	3 307	24 447	3 307
		<b>25 434</b>	<b>7 424</b>	<b>25 424</b>	<b>7 424</b>
<b>(Deficit) surplus for the year</b>		<b>(427 786)</b>	<b>151 192</b>	<b>(497 516)</b>	<b>76 434</b>

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Statement of Changes in Net Assets

Figures in Rand Thousand	Revaluation reserve	Accumulated surplus	Total net assets
<b>Economic entity</b>			
Opening balance as previously reported	266 483	7 414 857	7 681 340
Adjustments			
Correction of errors	-	(57 778)	(57 778)
<b>Balance at 01 July 2017 as restated*</b>	<b>266 483</b>	<b>7 357 079</b>	<b>7 623 562</b>
Changes in net assets			
Surplus for the year - Previously reported	-	237 453	237 453
Impairment adjustment for the year	(129)	-	(129)
Revaluation surplus	(15)	-	(15)
Total changes	(144)	237 453	237 309
Restated balance before adjustments	266 339	7 594 532	7 860 871
Adjustments			
Correction of errors	-	(86 226)	(86 226)
<b>Restated* Balance as at 01 July 2018 restated*</b>	<b>266 339</b>	<b>7 508 306</b>	<b>7 774 645</b>
Changes in net assets			
Surplus for the year	-	(427 786)	(427 786)
Impairment adjustment for the year	(175)	-	(175)
Revaluation surplus	(26)	-	(26)
Total changes	(201)	(427 786)	(427 987)
<b>Balance as at 30 June 2019</b>	<b>266 138</b>	<b>7 080 520</b>	<b>7 346 658</b>
Note(s)	18		
<b>Controlling entity</b>			
Opening balance as previously reported	-	7 032 771	7 032 771
Adjustments			
Correction of errors	-	(57 778)	(57 778)
<b>Balance as at 01 July 2017 restated*</b>	<b>-</b>	<b>6 974 993</b>	<b>6 974 993</b>
Changes in net assets			
Surplus for the year - Previously reported	-	162 695	162 695
Total changes	-	162 695	162 695
Restated balance before adjustments	-	7 137 688	7 137 688
Adjustments			
Correction of errors	-	(86 253)	(86 253)
<b>Balance as at 01 July 2018 restated*</b>	<b>-</b>	<b>7 051 435</b>	<b>7 051 435</b>
Changes in net assets			
Surplus for the year	-	(497 516)	(497 516)
Total changes	-	(497 516)	(497 516)
<b>Balance as at 30 June 2019</b>	<b>-</b>	<b>6 553 919</b>	<b>6 553 919</b>



## Cash Flow Statement

		Economic entity		Controlling entity	
Figures in Rand Thousand	Note(s)	2019	2018 Restated*	2019	2018 Restated*
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Sale of goods and services		2 650 694	3 075 316	2 584 604	3 020 029
Grants		1 156 353	1 158 567	1 156 353	1 158 567
Interest income		308 085	22 181	297 890	13 097
Other receipts		34 801	34 818	34 801	34 641
		4 149 933	4 290 882	4 073 648	4 226 334
<b>Payments</b>					
Employee costs		(767 307)	(643 456)	(762 809)	(638 308)
Suppliers		(2 218 443)	(2 218 548)	(2 194 158)	(2 193 306)
Other payments		(10 282)	(624 312)	(32 547)	(660 294)
		(2 996 032)	(3 486 316)	(2 989 514)	(3 491 908)
<b>Net cash flows from operating activities</b>	42	<b>1 153 901</b>	<b>804 566</b>	<b>1 084 134</b>	<b>734 426</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	4	(665 448)	(624 172)	(612 195)	(592 526)
Proceeds from sale of property, plant and equipment	4	6 824	(3 445)	6 677	(3 838)
<b>Net cash flows from investing activities</b>		<b>(658 624)</b>	<b>(627 617)</b>	<b>(605 518)</b>	<b>(596 364)</b>
<b>Cash flows from financing activities</b>					
Repayment of other financial liabilities		(116 330)	(116 331)	(75 184)	(75 184)
Finance lease payments		(8 631)	(3 596)	(8 631)	(3 596)
Realisation of financial assets		191	476	191	476
<b>Net cash flows from financing activities</b>		<b>(124 770)</b>	<b>(119 451)</b>	<b>(83 624)</b>	<b>(78 304)</b>
<b>Net increase in cash and cash equivalents</b>		<b>370 507</b>	<b>57 498</b>	<b>394 992</b>	<b>59 758</b>
Cash and cash equivalents at the beginning of the year		230 634	173 136	117 372	57 614
<b>Cash and cash equivalents at the end of the year</b>	17	<b>601 141</b>	<b>230 634</b>	<b>512 364</b>	<b>117 372</b>

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## 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				
<b>Economic entity</b>				
<b>Statement of Financial Performance</b>				
<b>Revenue</b>				
<b>Revenue from exchange transactions</b>				
Service charges	3 020 987	2 991 159	(29 828)	57
Rental of facilities and equipment	254	20 137	19 883	57
Interest received (trading)	19 569	282 389	262 820	57
Agency services	131 944	1 037	(130 907)	57
Licenses and permits	9 653	16 772	7 119	57
Other income	131 845	9 959	(121 886)	57
Interest received (Other)	16 581	25 696	9 115	57
Dividends received	250 278	-	(250 278)	57
<b>Total revenue from exchange transactions</b>	<b>3 581 111</b>	<b>3 347 149</b>	<b>(233 962)</b>	
<b>Revenue from non-exchange transactions</b>				
<b>Taxation revenue</b>				
Property rates	340 075	353 910	13 835	57
<b>Transfer revenue</b>				
Government grants & subsidies	1 373 453	1 156 353	(217 100)	57
Fines, Penalties and Forfeits	7 748	8 046	298	57
<b>Total revenue from non-exchange transactions</b>	<b>1 721 276</b>	<b>1 518 309</b>	<b>(202 967)</b>	
<b>Total revenue</b>	<b>5 302 387</b>	<b>4 865 458</b>	<b>(436 929)</b>	
<b>Expenditure</b>				
Employee related costs	(689 647)	(724 916)	(35 269)	57
Remuneration of councillors	(56 614)	(53 751)	2 863	57
Depreciation and amortization	(446 984)	(454 064)	(7 080)	57
Impairment loss	(539 436)	(953 771)	(414 335)	57
Finance costs	(43 413)	(73 902)	(30 489)	57
Lease rentals on operating lease	-	(7 462)	(7 462)	57
Repairs and maintenance	(244 627)	(101 828)	142 799	57
Bulk purchases	(2 008 835)	(2 428 611)	(419 776)	57
Contracted Services	(405 645)	(286 616)	119 029	57
Transfers and Subsidies	(16 938)	(2 820)	14 118	57
General Expenses	(369 101)	(230 937)	138 164	57
<b>Total expenditure</b>	<b>(4 821 240)</b>	<b>(5 318 678)</b>	<b>(497 438)</b>	
<b>Operating deficit</b>	<b>481 147</b>	<b>(453 220)</b>	<b>(934 367)</b>	
Gain on disposal of assets	64 690	963	(63 727)	57
Fair value adjustments	-	24	24	57
Actuarial gains	-	24 447	24 447	57
	<b>64 690</b>	<b>25 434</b>	<b>(39 256)</b>	
<b>Surplus / (Deficit) before taxation</b>	<b>545 837</b>	<b>(427 786)</b>	<b>(973 623)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>545 837</b>	<b>(427 786)</b>	<b>(973 623)</b>	

	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand thousand				
<b>Controlling entity</b>				
<b>Statement of Financial Performance</b>				
<b>Revenue</b>				
<b>Revenue from exchange transactions</b>				
Service charges	2 822 433	2 927 040	104 607	57
Rental of facilities and equipment	254	20 137	19 883	57
Interest received (trading)	19 569	282 389	262 820	57
Dividends received	250 278	-	(250 278)	57
Agency services	131 944	1 037	(130 907)	57
Licenses and permits	9 653	16 772	7 119	57
Other income	131 845	9 959	(121 886)	57
Interest received (other)	6 593	15 501	8 908	57
<b>Total revenue from exchange transactions</b>	<b>3 372 569</b>	<b>3 272 835</b>	<b>(99 734)</b>	
<b>Revenue from non-exchange transactions</b>				
<b>Taxation revenue</b>				
Property rates	340 075	353 910	13 835	57
<b>Transfer revenue</b>				
Government grants & subsidies	1 373 453	1 156 353	(217 100)	57
Fines, Penalties and Forfeits	7 748	8 046	298	57
<b>Total revenue from non-exchange transactions</b>	<b>1 721 276</b>	<b>1 518 309</b>	<b>(202 967)</b>	
<b>Total revenue</b>	<b>5 093 845</b>	<b>4 791 144</b>	<b>(302 701)</b>	
<b>Expenditure</b>				
Employee related costs	(689 647)	(720 419)	(30 772)	57
Remuneration of councillors	(56 614)	(53 751)	2 863	57
Depreciation and amortization	(410 134)	(415 390)	(5 256)	57
Impairment loss	(539 436)	(953 431)	(413 995)	57
Finance costs	(29 893)	(60 376)	(30 483)	57
Lease rentals on operating lease	-	(7 462)	(7 462)	57
Repairs and maintenance	(244 627)	(92 071)	152 556	57
Bulk purchases	(2 008 835)	(2 548 211)	(539 376)	57
Contracted Services	(405 645)	(286 746)	118 899	57
Transfers and Subsidies	(16 938)	(25 085)	(8 147)	57
General Expenses	(257 537)	(151 142)	106 395	57
<b>Total expenditure</b>	<b>(4 659 306)</b>	<b>(5 314 084)</b>	<b>(654 778)</b>	
<b>Operating deficit</b>	<b>434 540</b>	<b>(522 940)</b>	<b>(957 480)</b>	
Gain on disposal of assets	64 690	953	(63 737)	57
Fair value adjustments	-	24	24	57
Actuarial gains	-	24 447	24 447	57
	<b>64 690</b>	<b>25 424</b>	<b>(39 266)</b>	
<b>Surplus / (Deficit) before taxation</b>	<b>499 230</b>	<b>(497 516)</b>	<b>(996 746)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>499 230</b>	<b>(497 516)</b>	<b>(996 746)</b>	

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## 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.

#### 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.

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.

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.

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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.

### 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
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

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

---

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.

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 amortization 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 amortization is provided on a straight line basis over their useful life.

The amortization period and the amortization 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.

### 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.

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

---

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 amortization 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.

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

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

---

- 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 favourable 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 unfavourable 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.

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**

Receivables from Exchange Transactions  
 Receivables from Non-exchange Transactions  
 Cash and Cash Equivalents  
 Investment  
 Guarantees

#### **Category**

Financial asset measured at amortised cost  
 Financial asset measured at amortised cost  
 Financial asset measured at fair value  
 Financial asset measured at fair value and cost  
 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**

Consumer Deposits  
 Payables from Exchange and Non-exchange Transactions  
 Long-term Liabilities

#### **Category**

Financial liability measured at amortised cost  
 Financial liability measured at amortised cost  
 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.

### **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.

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

---

### 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 amortization 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.

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 continue 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).

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

---

### 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.



## **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 (amortization).

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.

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

---

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 test 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.

## 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 amortization) 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 (amortization) 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 amortization 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 test 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.

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

---

### 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 (amortization) 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 assess 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 amortization) 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 (amortization) 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.

## 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.

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

---

### 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 measure 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.

### **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 measure 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.

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

---

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.



## **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.

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

---

### 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.

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.

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

---

### 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 an 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.

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, an 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.

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

---

### 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 are recognised in revenue at the start of the financial year if no time-based restrictions exist.

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential based on the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

When government remit grants on a reimbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

### **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 2019

## 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 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.



## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

### 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 2019 or later periods:

**Standard/ Interpretation:**

**Effective date:**  
**Years beginning on or**  
**after**

**Expected impact:**

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

---

### 2. New standards and interpretations (continued)

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 Arrangements	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
IGRAP 17: Service Concession Arrangements	1 April 2019	The impact of the amendment is not material
GRAP 34: Separate Financial Statements	1 April 2020	The impact of the amendment is not material
GRAP 35: Consolidated Financial Statements	1 April 2020	The impact of the amendment is not material
GRAP 36: Investments in Associates and Joint Ventures	1 April 2020	The impact of the amendment is not material
GRAP 37: Joint Arrangements	1 April 2020	The impact of the amendment is not material
GRAP 38: Disclosure of Interests in Other Entities	1 April 2020	The impact of the amendment is not material
IGRAP 20 Accounting for Adjustments to Revenue	1 April 2019	The impact of the amendment is not material

---

## 2. New standards and interpretations (continued)

### 3. Investment property

Economic entity	2019			2018		
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value
Investment property	180 345	(10 756)	169 589	293 401	(113 055)	180 346

Controlling entity	2019			2018		
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value
Investment property	180 345	(10 756)	169 589	293 401	(113 055)	180 346

#### Reconciliation of investment property - Economic entity - 2019

	Opening balance	Impairments	Depreciation	Total
Investment property	180 346	(445)	(10 312)	169 589

#### 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 - Controlling entity - 2019

	Opening balance	Impairments	Depreciation	Total
Investment property	180 346	(445)	(10 312)	169 589

#### Reconciliation of investment property - Controlling entity - 2018

	Opening balance	Disposals	Depreciation	Total
Investment property	192 377	(154)	(11 877)	180 346

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 2019

## Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2019	2018	2019	2018

<b>4. Property, plant and equipment</b>						
Economic entity	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1 424 029	-	1 424 029	1 425 557	-	1 425 557
Buildings	1 454 506	(1 092 045)	362 461	1 454 506	(993 274)	461 232
Plant and machinery	61 953	(44 793)	17 160	48 582	(42 714)	5 868
Furniture and fixtures	20 000	(17 252)	2 748	19 686	(15 935)	3 751
Motor vehicles	151 248	(40 930)	110 318	70 983	(52 461)	18 522
Office equipment	59 352	(32 082)	27 270	57 131	(28 962)	28 169
Bins and containers	1 838	(1 400)	438	1 838	(1 270)	568
Other	2 815	(2 530)	285	2 815	(2 349)	466
Electrical Equipment	27 080	-	27 080	15 524	-	15 524
Emergency Equipment	3 668	(3 467)	201	3 668	(3 336)	332
Specialised vehicles	86 010	(24 934)	61 076	44 055	(31 331)	12 724
Infrastructure - Sewerage	1 016 168	(552 332)	463 836	1 016 168	(534 731)	481 437
Infrastructure - Electricity	1 338 240	(617 512)	720 728	1 332 488	(580 330)	752 158
Infrastructure - Roads and Transport	6 089 447	(2 446 798)	3 642 649	5 666 629	(2 290 195)	3 376 434
Infrastructure - Water	1 312 138	(849 249)	462 889	1 244 774	(787 286)	457 488
Infrastructure - Work in progress	965 758	-	965 758	1 050 213	-	1 050 213
Rustenburg Water Services Trust Bulk Water Assets	1 219 018	(613 833)	605 185	1 167 347	(576 087)	591 260
<b>Total</b>	<b>15 233 268</b>	<b>(6 339 157)</b>	<b>8 894 111</b>	<b>14 621 964</b>	<b>(5 940 261)</b>	<b>8 681 703</b>

Controlling entity	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1 424 029	-	1 424 029	1 425 557	-	1 425 557
Buildings	1 454 506	(1 092 045)	362 461	1 454 506	(993 274)	461 232
Plant and machinery	61 953	(44 793)	17 160	48 582	(42 714)	5 868
Furniture and fixtures	20 000	(17 252)	2 748	19 686	(15 935)	3 751
Motor vehicles	151 248	(40 930)	110 318	70 983	(52 461)	18 522
Office equipment	59 352	(32 082)	27 270	57 131	(28 962)	28 169
Bins and containers	1 838	(1 400)	438	1 838	(1 270)	568
Other	2 815	(2 530)	285	2 815	(2 349)	466
Electrical Equipment	27 080	-	27 080	15 524	-	15 524
Emergency Equipment	3 668	(3 467)	201	3 668	(3 336)	332
Specialised vehicles	86 010	(24 934)	61 076	44 055	(31 331)	12 724
Infrastructure - Sewerage	1 016 168	(552 332)	463 836	1 016 168	(534 731)	481 437
Infrastructure - Electricity	1 338 240	(617 512)	720 728	1 332 488	(580 330)	752 158
Infrastructure - Roads and Transport	6 089 447	(2 446 798)	3 642 649	5 666 629	(2 290 195)	3 376 434
Infrastructure - Water	1 312 138	(849 249)	462 889	1 244 774	(787 286)	457 488
Infrastructure - Work in progress	965 758	-	965 758	1 050 213	-	1 050 213
<b>Total</b>	<b>14 014 250</b>	<b>(5 725 324)</b>	<b>8 288 926</b>	<b>13 454 617</b>	<b>(5 364 174)</b>	<b>8 090 443</b>



# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2019	2018	2019	2018

### 4. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - Economic entity - 2019

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	1 425 557	-	(1 528)	-	-	-	-	1 424 029
Buildings	461 232	-	-	-	-	(96 112)	(2 659)	362 461
Plant and machinery	5 868	14 981	(4)	-	-	(3 685)	-	17 160
Furniture and fixtures	3 751	314	-	-	-	(1 317)	-	2 748
Motor vehicles	18 522	105 232	(1 954)	-	-	(11 482)	-	110 318
Office equipment	28 169	4 608	(35)	-	-	(5 472)	-	27 270
Bins and containers	568	-	-	-	-	(130)	-	438
Other	466	-	-	-	-	(181)	-	285
Electrical Equipment	15 524	-	-	-	11 556	-	-	27 080
Emergency Equipment	332	-	-	-	-	(131)	-	201
Specialised vehicles	12 724	54 890	(2 203)	-	-	(4 335)	-	61 076
Infrastructure - Sewerage	481 437	9 134	-	-	-	(26 468)	(267)	463 836
Infrastructure - Electricity	752 158	5 752	-	-	-	(37 182)	-	720 728
Infrastructure - Roads and Transport	3 376 434	422 819	-	-	-	(156 604)	-	3 642 649
Infrastructure - Water	457 488	67 364	-	-	-	(61 963)	-	462 889
Work in progress	1 050 213	420 614	-	(505 069)	-	-	-	965 758
Rustenburg Water Trust Bulk Water Assets	591 260	53 253	-	-	-	(38 674)	(654)	605 185
	<b>8 681 703</b>	<b>1 158 961</b>	<b>(5 724)</b>	<b>(505 069)</b>	<b>11 556</b>	<b>(443 736)</b>	<b>(3 580)</b>	<b>8 894 111</b>

Figures in Rand thousand	Economic entity		Controlling entity	
	2019	2018	2019	2018

#### 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	702 581	85 674	-	-	-	(36 037)	(60)	752 158
Infrastructure - Roads and Transport	3 496 291	14 603	-	-	-	(134 460)	-	3 376 434
Infrastructure - Water	506 346	5 943	-	-	-	(54 801)	-	457 488
Work in progress	574 186	582 247	-	(106 220)	-	-	-	1 050 213
Rustenburg Water Trust Bulk Water Assets	597 164	31 646	-	-	-	(36 855)	(695)	591 260
	<b>8 446 108</b>	<b>752 682</b>	<b>(808)</b>	<b>(106 220)</b>	<b>8 747</b>	<b>(411 597)</b>	<b>(7 209)</b>	<b>8 681 703</b>

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2019	2018	2019	2018

### 4. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - Controlling entity - 2019

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	1 425 557	-	(1 528)	-	-	-	-	1 424 029
Buildings	461 232	-	-	-	-	(96 112)	(2 659)	362 461
Plant and machinery	5 868	14 981	(4)	-	-	(3 685)	-	17 160
Furniture and fixtures	3 751	314	-	-	-	(1 317)	-	2 748
Motor vehicles	18 522	105 232	(1 954)	-	-	(11 482)	-	110 318
Office equipment	28 169	4 608	(35)	-	-	(5 472)	-	27 270
Bins and containers	568	-	-	-	-	(130)	-	438
Other	466	-	-	-	-	(181)	-	285
Electrical Equipment	15 524	-	-	-	11 556	-	-	27 080
Emergency Equipment	332	-	-	-	-	(131)	-	201
Specialised vehicles	12 724	54 890	(2 203)	-	-	(4 335)	-	61 076
Infrastructure - Sewerage	481 437	9 134	-	-	-	(26 468)	(267)	463 836
Infrastructure - Electricity	752 158	5 752	-	-	-	(37 182)	-	720 728
Infrastructure - Roads and Transport	3 376 434	422 819	-	-	-	(156 604)	-	3 642 649
Infrastructure - Water	457 488	67 364	-	-	-	(61 963)	-	462 889
Work in progress	1 050 213	420 614	-	(505 069)	-	-	-	965 758
	<b>8 090 443</b>	<b>1 105 708</b>	<b>(5 724)</b>	<b>(505 069)</b>	<b>11 556</b>	<b>(405 062)</b>	<b>(2 926)</b>	<b>8 288 926</b>



Figures in Rand thousand	Economic entity		Controlling entity	
	2019	2018	2019	2018

#### 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	702 581	85 674	-	-	-	(36 037)	(60)	752 158
Infrastructure - Roads and Transport	3 496 291	14 603	-	-	-	(134 460)	-	3 376 434
Infrastructure - Water	506 346	5 943	-	-	-	(54 801)	-	457 488
Infrastructure - Work in progress	574 186	582 247	-	(106 220)	-	-	-	1 050 213
	<b>7 848 944</b>	<b>721 036</b>	<b>(808)</b>	<b>(106 220)</b>	<b>8 747</b>	<b>(374 742)</b>	<b>(6 514)</b>	<b>8 090 443</b>

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018

### 4. Property, plant and equipment (continued)

#### Expenditure incurred to repair and maintain property, plant and equipment

	Economic entity		Controlling entity	
	2019	2018	2019	2018

#### Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Buildings	21 009	24 611	21 009	24 611
Infrastructure - Electricity	22 136	13 101	22 136	13 101
Infrastructure - Roads	17 834	24 312	17 834	24 312
Infrastructure - Sewerage	296	582	296	582
Infrastructure - Water	25 043	29 848	25 043	29 848
Office Equipment	3 151	930	3 151	930
Plant and Machinery	2 602	4 895	2 602	4 895
Rustenburg Water Services Trust Bulk Water Assets	9 757	10 181	-	-
	<b>101 828</b>	<b>108 460</b>	<b>92 071</b>	<b>98 279</b>

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	2019			2018		
	Cost / Valuation	Accumulated amortization and impairment	Carrying value	Cost / Valuation	Accumulated amortization and impairment	Carrying value
Computer software, other	52	(18)	34	3 019	(2 967)	52

Controlling entity	2019			2018		
	Cost / Valuation	Accumulated amortization and impairment	Carrying value	Cost / Valuation	Accumulated amortization and impairment	Carrying value
Computer software, other	52	(18)	34	3 019	(2 967)	52

#### Reconciliation of intangible assets - Economic entity - 2019

	Opening balance	Amortisation	Total
Computer software, other	52	(18)	34

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018

## 5. Intangible assets (continued)

### Reconciliation of intangible assets - Economic entity - 2018

	Opening balance	Amortisation	Impairment loss	Total
Computer software, other	530	(108)	(370)	52

### Reconciliation of intangible assets - Controlling entity - 2019

	Opening balance	Amortisation	Total
Computer software, other	52	(18)	34

### Reconciliation of intangible assets - Controlling entity - 2018

	Opening balance	Amortisation	Impairment loss	Total
Computer software, other	530	(108)	(370)	52

## Other information

The amortization 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.

## 6. Heritage assets

Economic entity	2019			2018		
	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
Jewellery	119	-	119	119	-	119
<b>Total</b>	<b>1 369</b>	<b>-</b>	<b>1 369</b>	<b>1 369</b>	<b>-</b>	<b>1 369</b>

	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
Jewellery	119	-	119	119	-	119
<b>Total</b>	<b>1 369</b>	<b>-</b>	<b>1 369</b>	<b>1 369</b>	<b>-</b>	<b>1 369</b>

### Reconciliation of heritage assets - Economic entity - 2019

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

	Economic entity	Opening balance Controlling entity	Total
Figures in Rand thousand	2019	2018	2019
			2018
<b>6. Heritage assets (continued)</b>			
Ox Wagon		150	150
Historical statue		1 100	1 100
Jewellery		119	119
		<b>1 369</b>	<b>1 369</b>

### Reconciliation of heritage assets - Economic entity - 2018

	Opening balance	Total
Ox Wagon	150	150
Historical statue	1 100	1 100
Jewellery	119	119
	<b>1 369</b>	<b>1 369</b>

### Reconciliation of heritage assets - Controlling entity - 2019

	Opening balance	Total
Ox Wagon	150	150
Historical statue	1 100	1 100
Jewellery	119	119
	<b>1 369</b>	<b>1 369</b>

### Reconciliation of heritage assets - Controlling entity - 2018

	Opening balance	Total
Ox Wagon	150	150
Historical statue	1 100	1 100
Jewellery	119	119
	<b>1 369</b>	<b>1 369</b>

## 7. Investments

Name of company	Carrying amount 2019	Carrying amount 2018	Carrying amount 2019	Carrying amount 2018
Listed Shares - Sanlam	1 037	1 197	1 037	1 197
Unlisted - Municipal Entity	-	-	1	1
	<b>1 037</b>	<b>1 197</b>	<b>1 038</b>	<b>1 198</b>

Detail

Market value of listed investments is R1 037; (2018: R1 197).

**8. Finance lease receivables**

**Present value of minimum lease payments due**

- within one year	-	-	206	166
- in second to fifth year inclusive	-	-	1 342	1 121
- later than five years	-	-	502	929
	-	-	<b>2 050</b>	<b>2 216</b>

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018
<b>8. Finance lease receivables (continued)</b>				
Non-current assets	-	-	1 844	2 050
Current assets	-	-	206	166
	-	-	<b>2 050</b>	<b>2 216</b>

### 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	78	121	78	121
----------------	----	-----	----	-----

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	121	169	121	169
Operating Lease Revenue recorded	(43)	(48)	(43)	(48)
	<b>78</b>	<b>121</b>	<b>78</b>	<b>121</b>

Balance at beginning of year	-	(1)	-	(1)
Operating Lease Payable effected	-	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:

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018
<b>9. Operating lease asset (liability) (continued)</b>				
Up to 1 year	28	128	28	128
2 to 5 years	110	129	110	129
More than 5 years	-	9	-	9
	<b>138</b>	<b>266</b>	<b>138</b>	<b>266</b>

#### **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 R43 (2018: R48)

No restrictions have been imposed by the municipality in terms of the operating lease agreements.

#### **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 2019 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)	1 293	1 325	1 293	1 325
In-service Non-members (Employees)	434	429	434	429
Continuation Members (Retirees, widowers and orphans)	133	127	133	127
	<b>1 860</b>	<b>1 881</b>	<b>1 860</b>	<b>1 881</b>

##### **The liability in respect of past**

	<b>96 711</b>	<b>89 771</b>	<b>96 711</b>	<b>89 771</b>
In-service Members	31 050	29 130	31 050	29 130
Continuation Members	63 672	58 828	63 672	58 828
In-service: Non members	1 989	1 813	1 989	1 813

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Hosmed
- Keyhealth
- LA Health
- Samwumed

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018

### 10. Employee benefit obligations (continued)

The amounts recognised in the statement of financial position are as follows:

<b>Carrying value</b>				
Present value of the defined benefit obligation	(96 711)	(89 771)	(96 711)	(89 771)
Non-current liabilities	(90 640)	(84 270)	(90 640)	(84 270)
Current liabilities	(6 071)	(5 501)	(6 071)	(5 501)
	<b>(96 711)</b>	<b>(89 771)</b>	<b>(96 711)</b>	<b>(89 771)</b>

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	89 771	88 483	89 771	88 483
Benefits paid	(5 476)	(5 123)	(5 476)	(5 123)
Net (income)/expense recognised in the statement of financial performance	12 416	6 411	12 416	6 411
	<b>96 711</b>	<b>89 771</b>	<b>96 711</b>	<b>89 771</b>

Net (income)/expense recognised in the statement of financial performance

Current service cost	1 880	2 024	1 880	2 024
Interest cost	8 046	7 848	8 046	7 484
Actuarial (gains) losses	2 490	(3 461)	2 490	(3 461)
	<b>12 416</b>	<b>6 411</b>	<b>12 416</b>	<b>6 047</b>



	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018

## 10. Employee benefit obligations (continued)

### Key assumptions used

Assumptions used at the reporting date:

Discount rates used	8.91 %	9.24 %	8.91 %	9.24 %
Health Care Cost Inflation Rate	6.47 %	7.19 %	6.47 %	7.19 %
Net Effective Discount Rate - Health care cost inflation	2.29 %	1.91 %	2.29 %	1.91 %
Maximum Subsidy Inflation Rate	4.48 %	5.02 %	4.48 %	5.02 %
Net Effective Discount Rate - Maximum subsidy inflation rate	4.24 %	4.02 %	4.24 %	4.02 %

The basis on which the discount rate has been determined is as follows:

The basis on which the discount rate has been determined is as follow:

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 8.91% per annum has been used. The corresponding index linked yield at this term is 3.28%. 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 28 June 2019.

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
	-	-	-	-

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018

### 10. Employee benefit obligations (continued)

#### Other assumptions

Amounts for the current and previous four years are as follows:

	30 June 2015	30 June 2016	30 June 2017	30 June 2018	30 June 2019
Accrued liability	81 658	89 936	88 483	89 771	96 711
Actuarial Gains / (Losses)	13 704	(4 011)	6 619	3 461	(2 490)

#### Sensitivity Analysis on Current-service and interest cost for the year ending 30 June 2019

	Current-service cost	Interest cost	Total
Central Assumptions	1 880	8 046	9 926
Health care inflation (+1%)	2 090	8 486	10 576
Health care inflation (-1%)	1 643	7 514	9 157
Discount rate (+1%)	1 612	8 051	9 663
Discount rate (-1%)	2 216	8 007	10 223
Post-retirement mortality (-1 years)	1 929	8 317	10 246
Average retirement age (-1 year)	2 056	8 377	10 433
Continuation of membership at retirement	1 235	7 045	8 280
	-	-	-

#### Sensitivity Analysis on the Accrued Liability - Assumptions & Change for the year ending 30 June 2019

	In-service	Continuation	Total
Central Assumptions	-	-	33 039
Health care inflation (+1%)	-	-	36 356
Health care inflation (-1%)	-	-	29 429
Discount rate (+1%)	-	-	28 661
Discount rate (-1%)	-	-	38 177
Post-retirement mortality (-1 years)	-	-	33 921
Average retirement age (-1 years)	-	-	36 772
Continuation of membership at retirement (-10%)	-	-	21 333
	-	-	-

#### Expected contributions for the year ending 30 June 2020

Opening balance	96 712
Estimate - benefits to be paid	(6 071)
Estimate - Net (income) / expense	<u>10278</u>
Estimate Balance - 30 June 2020	100 919

### 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. 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: -

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018

## 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	17 497	6 036	17 497	6 036
Water	542	604	542	604
Unsold Properties Held for Resale	24 499	24 499	24 499	24 499
	<b>42 538</b>	<b>31 139</b>	<b>42 538</b>	<b>31 139</b>

Consumables stores consists of maintenance materials and spare parts.

## 13. Receivables from exchange transactions

Prepaid expenses	46	39	-	-
Other debtors	13 308	13 308	13 308	13 308
Consumer debtors - Electricity	85 284	137 690	85 284	137 690
Consumer debtors - Water	14 495	50 313	2 745	36 645
Consumer debtors - Sewerage	21	6 825	21	6 825
Consumer debtors - Refuse	19	(459)	19	(459)
Consumer debtors - Other	1 460	54 844	1 460	54 844
	<b>114 633</b>	<b>262 560</b>	<b>102 837</b>	<b>248 853</b>

### Fair value of trade and other receivables

Trade and other receivables	114 633	262 560	102 837	248 853
-----------------------------	---------	---------	---------	---------

### Receivables from exchange transactions past due but not impaired

At 30 June 2019, R11 087 (2018: R159 476) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

2 months past due	11 087	159 476	11 087	159 476
-------------------	--------	---------	--------	---------

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018
<b>13. Receivables from exchange transactions (continued)</b>				
<b>Trade and other receivables impaired</b>				
As of 30 June 2019, Receivables from exchange transactions of R4 424 480 (2018: R3 457 184) were impaired and provided for.				
<b>14. Receivables from non-exchange transactions</b>				
Fines	6 368	6 137	6 368	6 137
Payments made in advance	-	3 002	-	3 002
Short-term Loans	5 425	5 425	5 425	5 425
Sundry Debtors	868	4 722	868	4 722
Insurance Claims	694	683	694	683
Consumer debtors - Rates	65	29 545	65	29 545
	<b>13 420</b>	<b>49 514</b>	<b>13 420</b>	<b>49 514</b>
Gross Balance - Fines	67 068	62 388	67 068	62 388
Allowance for Impairment - Fines	(60 700)	(56 251)	(60 700)	(56 251)
<b>Net Balance - Fines</b>	<b>6 368</b>	<b>6 137</b>	<b>6 368</b>	<b>6 137</b>

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 2019, R2 (2018: R13 254 ) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

2 months past due	2	13 254	2	13 254
-------------------	---	--------	---	--------

### Receivables from non-exchange transactions impaired

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.

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018

#### 14. Receivables from non-exchange transactions (continued)

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.

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	63 230	113 701	63 871	114 116
-----	--------	---------	--------	---------

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	313 801	306 412	313 801	306 412
Consumer debtors - Electricity	901 622	772 389	901 622	772 389
Consumer debtors - Water	1 404 990	1 218 975	1 393 240	1 205 307
Consumer debtors - Sewerage	355 928	336 495	355 928	336 495
Consumer debtors - Refuse	383 091	355 951	383 091	355 951
Consumer debtors - Other	1 480 128	1 022 586	1 480 128	1 022 586
	<b>4 839 560</b>	<b>4 012 808</b>	<b>4 827 810</b>	<b>3 999 140</b>

##### Less: Allowance for impairment

Consumer debtors - Rates	(313 736)	(276 867)	(313 736)	(276 867)
Consumer debtors - Electricity	(816 338)	(634 699)	(816 338)	(634 699)
Consumer debtors - Water	(1 390 495)	(1 168 662)	(1 390 495)	(1 168 662)
Consumer debtors - Sewerage	(355 907)	(329 670)	(355 907)	(329 670)
Consumer debtors - Refuse	(383 072)	(356 410)	(383 072)	(356 410)
Consumer debtors - Other	(1 478 668)	(967 742)	(1 478 668)	(967 742)
	<b>(4 738 216)</b>	<b>(3 734 050)</b>	<b>(4 738 216)</b>	<b>(3 734 050)</b>

##### Net balance

Consumer debtors - Rates	65	29 545	65	29 545
Consumer debtors - Electricity	85 284	137 690	85 284	137 690
Consumer debtors - Water	14 495	50 313	2 745	36 645
Consumer debtors - Sewerage	21	6 825	21	6 825
Consumer debtors - Refuse	19	(459)	19	(459)
Consumer debtors - Other	1 460	54 844	1 460	54 844
	<b>101 344</b>	<b>278 758</b>	<b>89 594</b>	<b>265 090</b>

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018
<b>16. Consumer debtors disclosure (continued)</b>				
<b>Rates</b>				
Current (0 -30 days)	54	16 291	54	16 291
31 - 60 days	9	7 893	9	7 893
61 - 90 days	2	5 361	2	5 361
	<b>65</b>	<b>29 545</b>	<b>65</b>	<b>29 545</b>
<b>Electricity</b>				
Current (0 -30 days)	63 323	73 384	63 323	73 384
31 - 60 days	11 372	38 520	11 372	38 520
61 - 90 days	10 589	25 786	10 589	25 786
	<b>85 284</b>	<b>137 690</b>	<b>85 284</b>	<b>137 690</b>
<b>Water</b>				
Current (0 -30 days)	14 478	21 551	2 728	7 883
31 - 60 days	14	6 858	14	6 858
61 - 90 days	3	21 904	3	21 904
	<b>14 495</b>	<b>50 313</b>	<b>2 745</b>	<b>36 645</b>
<b>Sewerage</b>				
Current (0 -30 days)	17	658	17	658
31 - 60 days	3	2 305	3	2 305
61 - 90 days	1	3 862	1	3 862
	<b>21</b>	<b>6 825</b>	<b>21</b>	<b>6 825</b>
<b>Refuse</b>				
Current (0 -30 days)	15	(459)	15	(459)
31 - 60 days	3	-	3	-
61 - 90 days	1	-	1	-
	<b>19</b>	<b>(459)</b>	<b>19</b>	<b>(459)</b>
<b>Other</b>				
Current (0 -30 days)	408	19 102	408	19 102
31 - 60 days	558	20 205	558	20 205
61 - 90 days	494	15 537	494	15 537
	<b>1 460</b>	<b>54 844</b>	<b>1 460</b>	<b>54 844</b>

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018
<b>16. Consumer debtors disclosure (continued)</b>				
<b>Summary of debtors by customer classification</b>				
<b>Household and Other</b>				
Current (0 -30 days)	134 106	168 201	134 106	168 201
31 - 60 days	97 796	102 082	97 796	102 082
61 - 90 days	90 548	91 182	90 548	91 182
91 - 120 days	3 728 214	3 085 411	3 728 214	3 085 411
Less: Allowance for impairment	4 050 664 (4 050 497)	3 446 876 (3 286 702)	4 050 664 (4 050 497)	3 446 876 (3 286 702)
	<b>167</b>	<b>160 174</b>	<b>167</b>	<b>160 174</b>
<b>Industrial / commercial</b>				
Current (0 -30 days)	238 695	196 363	226 944	182 695
31 - 60 days	56 196	70 688	56 196	70 688
61 - 90 days	43 492	45 736	43 492	45 736
91 - 120 days	334 155	144 184	334 155	144 184
Less: Allowance for impairment	672 538 (571 361)	456 971 (347 692)	660 787 (571 361)	443 303 (347 692)
	<b>101 177</b>	<b>109 279</b>	<b>89 426</b>	<b>95 611</b>
<b>National and provincial government</b>				
Current (0 -30 days)	6 239	10 305	6 239	10 305
31 - 60 days	4 178	3 241	4 178	3 241
61 - 90 days	2 757	3 288	2 757	3 288
91 - 120 days	103 184	92 127	103 184	92 127
Less: Allowance for impairment	116 358 (116 358)	108 961 (99 656)	116 358 (116 358)	108 961 (99 656)
	<b>-</b>	<b>9 305</b>	<b>-</b>	<b>9 305</b>
<b>17. Cash and cash equivalents</b>				
Cash and cash equivalents consist of:				
Cash on hand	13	13	13	13
Bank balances	382 777	119 328	382 635	96 079
Short-term deposits	218 351	111 293	129 716	21 280
	<b>601 141</b>	<b>230 634</b>	<b>512 364</b>	<b>117 372</b>

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.

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018

### 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 2019	30 June 2018	30 June 2017	30 June 2019	30 June 2018	30 June 2017
Primary Bank Account - ABSA - Main Branch Rustenburg - Account Number 1220000458	29 712	24 287	14 695	91 033	8 328	21 218
Landfill Bank Account - ABSA - Account Number 4093972008	623	-	-	623	-	-
Housing Bank Account - ABSA - Main Branch Rustenburg - 4054617192	50 283	215	14 669	50 283	215	14 669
Reserves Bank Account - ABSA - Main Branch Rustenburg - 9330627743	100 878	82 571	-	100 878	82 571	-
Deposits Bank Account - ABSA - Main Branch Rustenburg - 9330627793	676	3 452	-	676	3 452	-
Conditional Grants Bank Account - ABSA - Main Branch Rustenburg - 9330627858	115 899	1 518	-	115 899	1 518	-
Traffic Fines Bank Account - ABSA - Main Branch Rustenburg - 4050672659	23 243	-	-	23 243	-	-
Distribution Reserve Account - ABSA - Account number 4061024001	52	5 257	2 404	52	5 257	2 404
Distribution Call Account - ABSA - Account number 4077517288	48	17 950	29 250	48	17 950	29 250
Debt Service Reserve Account - ABSA - Account number 4061023877	35	35	66 120	35	35	66 120
Contingent Reserve Account - ABSA - Account number 4061024116	6	7	14 759	6	7	14 759
Industrial Reserve Account - ABSA - Account number 4061024051	1	1	2 988	1	1	2 988
ABSA - Main Branch Rustenburg - 4071196779	-	-	-	-	-	-
<b>Total</b>	<b>321 456</b>	<b>135 293</b>	<b>144 885</b>	<b>382 777</b>	<b>119 334</b>	<b>151 408</b>

	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

Absa Call Account	109 255	2 039	109 255	2 039
Absa	93 754	94 851	5 119	4 838
Standard Bank	558	531	558	531
Kagiso Asset Management	6 153	5 800	6 153	5 800
Sanlam	8 041	7 482	8 041	7 482
Absa Guarantee Deposits	590	590	590	590
	<b>218 351</b>	<b>111 293</b>	<b>129 716</b>	<b>21 280</b>

Guarantees



	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018

#### 17. Cash and cash equivalents (continued)

Guarantees reflected above in the Guarantee deposit of ABSA to the value of R590 (2018: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	266 339	266 483	-	-
Impairment adjustment for the year	(175)	(129)	-	-
Revaluation Surplus	(26)	(15)	-	-
	<b>266 138</b>	<b>266 339</b>	<b>-</b>	<b>-</b>

#### 19. Finance lease obligation

##### Minimum lease payments due

- within one year	7 719	6 988	7 719	6 988
- in second to fifth year inclusive	4 871	12 590	4 871	12 590

<b>Present value of minimum lease payments</b>	<b>12 590</b>	<b>19 578</b>	<b>12 590</b>	<b>19 578</b>
--	---------------	---------------	---------------	---------------

Non-current liabilities	4 871	12 590	4 871	12 590
Current liabilities	7 719	6 988	7 719	6 988
	<b>12 590</b>	<b>19 578</b>	<b>12 590</b>	<b>19 578</b>

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.

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018
<b>20. Unspent conditional grants and receipts</b>				
<b>Unspent conditional grants and receipts comprises of:</b>				
<b>Unspent conditional grants and receipts</b>				
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)	11 016	-	11 016	-
Provincial Government Grants - Department of Sports, Arts and Culture (DSAC Library)	2 699	3 774	2 699	3 774
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	4 031	2 031	4 031	2 031
Provincial Government Grants - LG Seta	1 188	957	1 188	957
Local: BPDM: Cleaning of cemeteries/ LED business plans and other	50 013	13	50 013	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
Other: Grant Renovation Old Marikana House	7	7	7	7
Other: NSCOOP	89	89	89	89
National Government Grants - Public Transport Network Grant (PTNG)	182 810	-	182 810	-
National Government Grants - Municipal Water Infrastructure Grant (MWIG)	12 462	10 274	12 462	10 274
Provincial Government Grants - DPLG Housing	443	443	443	443
Unspent grants 30	5 000	-	5 000	-
	<b>298 571</b>	<b>46 426</b>	<b>298 571</b>	<b>46 426</b>

See note 31 for reconciliation of grants from National / Provincial Government.

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018
<b>21. Other financial liabilities</b>				
<b>At amortised cost</b>				
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%	29 517	33 402	29 517	33 402
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%.	3 230	5 553	3 230	5 553
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%.	7 789	8 220	7 789	8 220
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%.	7 373	9 302	7 373	9 302
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%.	244 663	258 509	244 663	258 509
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%	127 015	133 154	127 015	133 154
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%.	85 941	113 561	-	-
	<b>505 528</b>	<b>561 701</b>	<b>419 587</b>	<b>448 140</b>
<b>Total other financial liabilities</b>	<b>505 528</b>	<b>561 701</b>	<b>419 587</b>	<b>448 140</b>
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.				
<b>Non-current liabilities</b>				
At amortised cost	440 533	504 052	385 782	418 131
<b>Current liabilities</b>				
At amortised cost	64 995	57 649	33 805	30 009

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018

### 22. Provisions

#### Reconciliation of provisions - Economic entity - 2019

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	116 157	11 777	-	127 934
Long Service Awards	48 159	4 554	(24 256)	28 457
	<b>164 316</b>	<b>16 331</b>	<b>(24 256)</b>	<b>156 391</b>

#### 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
	<b>149 997</b>	<b>17 400</b>	<b>(3 081)</b>	<b>164 316</b>

#### Reconciliation of provisions - Controlling entity - 2019

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	116 157	11 777	-	127 934
Long Service Awards	48 159	4 554	(24 256)	28 457
	<b>164 316</b>	<b>16 331</b>	<b>(24 256)</b>	<b>156 391</b>

#### 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
	<b>149 997</b>	<b>17 400</b>	<b>(3 081)</b>	<b>164 316</b>

Non-current liabilities	139 265	117 684	139 265	117 684
Current liabilities	17 126	46 632	17 126	46 632
	<b>156 391</b>	<b>164 316</b>	<b>156 391</b>	<b>164 316</b>

#### Environmental rehabilitation provision

In terms of the licensing of the landfill refuse sites, the municipality will incur licensing and rehabilitation costs of R159 320 to restore the site at the end of its useful life, estimated to be 30 years for the Waterval landfill site. An inflation rate of 4.30% 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 9.68% 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.

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018

### 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 2019 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 2019:**

Discount rate - 7.72%  
General salary inflation - 5.33%  
Net discount rate - 2.27%

**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 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 7.72% 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 7.72% 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 JSE after the market close on 28 June 2019.

**The principal assumptions used for the purposes of the actuarial valuations were as follows:**

Expected Retirement Age - Females	60	60	60	60
Expected Retirement Age - Males	60	60	60	60
	-	-	-	-

**Movements in the present value of the Defined Benefit Obligation were as follows:**

Balance at the beginning of the year	48 159	43 271	48 159	43 271
Current service cost	4 850	4 317	4 850	4 317
Interest cost	4 055	3 498	4 055	3 498
Actuarial losses / (gains)	(26 937)	154	(26 937)	154
Employer Benefit Vesting	(1 670)	(3 081)	(1 670)	(3 081)
<b>Present Value of Fund Obligation at the end of the Year</b>	<b>28 457</b>	<b>48 159</b>	<b>28 457</b>	<b>48 159</b>

**The amount recognised in the Statement of Financial Position are as follows:**

Present value of unfunded obligations	28 457	48 159	28 457	48 159
---------------------------------------	--------	--------	--------	--------

**The amount recognised in the Statement of Financial Performance are as follows:**

Current service cost	4 850	4 317	4 850	4 317
Interest cost	4 055	3 498	4 055	3 498
Actuarial losses / (gains)	(26 937)	154	(26 937)	154

Figures in Rand thousand	Economic entity		Controlling entity		
	2019	2018	2019	2018	
<b>22. Provisions (continued)</b>					
<b>Total Post-Retirement Benefit included in Statement of Financial Performance</b>	<b>(18 032)</b>	<b>7 969</b>	<b>(18 032)</b>	<b>7 969</b>	
<b>History of Liability</b>					
	30 June 2015	30 June 2016	30 June 2017	30 June 2018	30 June 2019
Accrued Liability	37 199	41 015	43 271	48 159	28 457
Actuarial Gains / (Losses)	(1 307)	(418)	1 809	(154)	26 937
	-	-	-	-	-
<b>Sensitivity Analysis on Current-service and interest Costs for the year ending 30 June 2019 - Assumptions and Change</b>					
			Current-service cost	Interest cost	Total
General assumptions	-	-	4 850	4 055	8 905
General salary inflation (+1%)	-	-	5 273	4 351	9 624
General salary inflation (-1%)	-	-	4 473	3 788	8 261
Discount rate (+1%)	-	-	4 508	4 219	8 727
Discount rate (-1%)	-	-	5 239	3 859	9 098
Average retirement age (-2yrs)	-	-	4 447	3 636	8 083
Average retirement age (+2 yrs)	-	-	5 218	4 409	9 627
Withdrawal rates (-50%)	-	-	6 403	4 953	11 356
	-	-	-	-	-
<b>Sensitivity Analysis on the Unfunded Accrued Liability (in R millions) for the year ended 30 June 2019 - Assumptions &amp; Change</b>					
					Liability
Central assumptions	-	-	-	-	28 457
General salary inflation (+1%)	-	-	-	-	29 444
General salary inflation (-1%)	-	-	-	-	27 530
Discount rate (+1%)	-	-	-	-	27 462
Discount rate (-1%)	-	-	-	-	29 534
Average retirement age (-2 yrs)	-	-	-	-	25 588
Average retirement age (+2 yrs)	-	-	-	-	31 840
Withdrawal rates	-	-	-	-	43 619
	-	-	-	-	-
<b>23. Payables from exchange transactions</b>					
Trade payables	583 724	509 827	759 338	630 977	
Payments received in advanced	121 714	107 873	121 714	107 873	
Accrued leave pay	46 565	42 890	46 565	42 890	
Accrued bonus	13 021	17 416	13 021	17 416	
Unallocated Deposits	566 025	79 444	566 025	79 444	
Other Creditors	32 766	32 041	32 766	32 041	
Retentions	72 693	52 369	72 693	52 369	
Sundry Deposits	(1 141)	2 437	(1 141)	2 437	
	<b>1 435 367</b>	<b>844 297</b>	<b>1 610 981</b>	<b>965 447</b>	

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018

### 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.

Payments received in advance are municipal debtors who have credit balances at the reporting date. This is due to various reasons which include clearances paid on properties awaiting transfer at the deeds office. The breakdown per service is as follows:

Electricity	21 961
Water	15 476
Refuse	2 876
Sewerage and Sanitation	1 996
Other	75 868
Property Rates	<u>3537</u>
Total	121 714

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	49 364	51 631	49 364	51 631
<b>Guarantees</b>				
Guarantees held in lieu of electricity and water	29 421	28 846	29 421	28 846

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.

### 25. Service charges

Sale of electricity	2 190 288	1 974 224	2 190 288	1 974 224
Sale of water	538 599	447 398	474 480	389 701
Sewerage and sanitation charges	132 850	117 047	132 850	117 047
Refuse removal	129 422	124 261	129 422	124 261
	<b>2 991 159</b>	<b>2 662 930</b>	<b>2 927 040</b>	<b>2 605 233</b>

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.

### 26. Rental of facilities and equipment

#### Premises

Rental Revenue from Land	2 933	3 402	2 933	3 402
Rental Revenue from Halls	351	1 924	351	1 924
Rental Revenue from Buildings	3 710	4 431	3 710	4 431
	<b>6 994</b>	<b>9 757</b>	<b>6 994</b>	<b>9 757</b>



	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018
<b>26. Rental of facilities and equipment (continued)</b>				
<b>Facilities and equipment</b>				
Rental Revenue from Amenities	84	2 003	84	2 003
Rental Revenue from Other Facilities	13 059	714	13 059	714
	<b>13 143</b>	<b>2 717</b>	<b>13 143</b>	<b>2 717</b>
	<b>20 137</b>	<b>12 474</b>	<b>20 137</b>	<b>12 474</b>

## 27. Other income

Building Plan Fees	816	608	816	608
Bank charges recovered	-	133	-	133
Application for clearance certificate	322	689	322	689
Service connections	1 035	1 735	1 035	1 735
Reconnection fees	-	2 364	-	2 364
Cemetery Fees	782	864	782	864
Advertising Signs	1 567	1 594	1 567	1 594
Legal Costs Recovered	-	1	-	1
Photocopies	50	84	50	84
Tender Documents	678	1 142	678	965
Town Planning Fees	37	-	37	-
Surplus cash	11	-	11	-
Sundry Income	4 358	412	4 358	412
Swimming pool fees	303	198	303	198
	<b>9 959</b>	<b>9 824</b>	<b>9 959</b>	<b>9 647</b>

## 28. Interest received - other

<b>Interest revenue</b>				
Investments	25 696	22 181	15 261	12 842
Finance leases	-	-	240	255
	<b>25 696</b>	<b>22 181</b>	<b>15 501</b>	<b>13 097</b>

## 29. Property rates

### Rates received

Residential	149 838	142 748	149 838	142 748
Commercial	177 873	156 072	177 873	156 072
State	20 940	18 758	20 940	18 758
Agriculture	5 259	13 264	5 259	13 264
	<b>353 910</b>	<b>330 842</b>	<b>353 910</b>	<b>330 842</b>

### 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.

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018
<b>30. Grants and subsidies paid</b>				
<b>Other subsidies</b>				
Community Projects	2 820	71 051	2 820	71 051
Rustenburg Water Service Trust	-	-	22 265	35 981
	<b>2 820</b>	<b>71 051</b>	<b>25 085</b>	<b>107 032</b>

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018
<b>31. Government grants and subsidies</b>				
<b>Operating grants</b>				
Equitable share	605 006	526 072	605 006	526 072
National - Financial Management Grant	1 700	1 700	1 700	1 700
Provincial - Seta: EPWP training	3 545	4 249	3 545	4 249
	<b>610 251</b>	<b>532 021</b>	<b>610 251</b>	<b>532 021</b>
<b>Capital grants</b>				
National: Municipal Infrastructure Grant (MIG)	251 570	239 841	251 570	239 841
National Public Transport Network Grant (PTNG)	213 819	314 156	213 819	314 156
Provincial: Department of Sports, Arts and Culture (DSAC Library)	2 437	566	2 437	566
National Municipal Water Infrastructure Grant (MWIG)	68 238	71 983	68 238	71 983
National: Integrated National Electrification Program (INEP)	10 038	-	10 038	-
	<b>546 102</b>	<b>626 546</b>	<b>546 102</b>	<b>626 546</b>
	<b>1 156 353</b>	<b>1 158 567</b>	<b>1 156 353</b>	<b>1 158 567</b>

#### 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
--------------------------------------	-----	-----	-----	-----

Conditions still to be met - remain liabilities (see note 20).

#### National: Skills Levy

Balance unspent at beginning of year	572	572	572	572
--------------------------------------	-----	-----	-----	-----

Conditions still to be met - remain liabilities (see note 20).

#### National: Financial Management Grant (FMG Grant)

Current-year receipts	1 700	1 700	1 700	1 700
Conditions met - transferred to revenue	(1 700)	(1 700)	(1 700)	(1 700)
	-	-	-	-

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	-	405
Current-year receipts	262 586	239 436	262 586	239 436

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018
<b>31. Government grants and subsidies (continued)</b>				
Conditions met - transferred to revenue	(251 570)	(239 841)	(251 570)	(239 841)
	<b>11 016</b>	<b>-</b>	<b>11 016</b>	<b>-</b>

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.

### Provincial: Department of Sports, Arts and Culture Grant (DSAC Library)

Balance unspent at beginning of year	3 774	2 940	3 774	2 940
Current-year receipts	1 362	1 400	1 362	1 400
Conditions met - transferred to revenue	(2 437)	(566)	(2 437)	(566)
	<b>2 699</b>	<b>3 774</b>	<b>2 699</b>	<b>3 774</b>

Conditions still to be met - remain liabilities (see note 20).

The grant was received to transform rural and urban community library infrastructure, facilities and services (primarily targeting previously disadvantage 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	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
--------------------------------------	----	----	----	----

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
Current-year receipts	2 000	-	2 000	-
	<b>4 031</b>	<b>2 031</b>	<b>4 031</b>	<b>2 031</b>

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)

Current-year receipts	3 545	4 249	3 545	4 249
Conditions met - transferred to revenue	(3 545)	(4 249)	(3 545)	(4 249)
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 20).

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018

### 31. Government grants and subsidies (continued)

The grant was used to incentivise provincial departments to increase job creation efforts in infrastructure, environment and culture programmes through the use of labour-intensive methods and the expansion of job creation in line with EPWP guidelines.

#### Provincial: LG Seta

Balance unspent at beginning of year	957	162	957	162
Current-year receipts	231	795	231	795
	<b>1 188</b>	<b>957</b>	<b>1 188</b>	<b>957</b>

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
Current-year receipts	50 000	-	50 000	-
	<b>50 013</b>	<b>13</b>	<b>50 013</b>	<b>13</b>

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
--------------------------------------	-------	-------	-------	-------

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
--------------------------------------	----	----	----	----

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
--------------------------------------	-----	-----	-----	-----

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
--------------------------------------	-------	-------	-------	-------

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018

### 31. Government grants and subsidies (continued)

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
Roll over not allowed	(25)	-	(25)	-
	-	25	-	25

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.

#### National: Integrated National Electrification Programme

Current-year receipts	10 038	-	10 038	-
Conditions met - transferred to revenue	(10 038)	-	(10 038)	-
	-	-	-	-

Conditions still to be met - remain liabilities (see note 20).

#### Other: Grant Renovation Old Marikana House

Balance unspent at beginning of year	7	7	7	7
--------------------------------------	---	---	---	---

Conditions still to be met - remain liabilities (see note 20).

#### Other: NSCOOP

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)

Current-year receipts	396 629	314 156	396 629	314 156
Conditions met - transferred to revenue	(213 819)	(314 156)	(213 819)	(314 156)
	182 810	-	182 810	-

Conditions still to be met - remain liabilities (see note 20).

#### National: MWIG

Balance unspent at beginning of year	10 274	17 257	10 274	17 257
Current-year receipts	80 700	65 000	80 700	65 000
Conditions met - transferred to revenue	(68 238)	(71 983)	(68 238)	(71 983)
Roll over not allowed	(10 274)	-	(10 274)	-
	12 462	10 274	12 462	10 274

Conditions still to be met - remain liabilities (see note 20).

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018

### 31. Government grants and subsidies (continued)

#### Provincial: DPLG Housing

Balance unspent at beginning of year	443	443	443	443
--------------------------------------	-----	-----	-----	-----

Conditions still to be met - remain liabilities (see note 20).

#### National: Neighbourhood Development Programme (NDP)

Current-year receipts	5 000	-	5 000	-
-----------------------	-------	---	-------	---

Conditions still to be met - remain liabilities (see note 20).

Provide explanations of conditions still to be met and other relevant information.

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2019	2018	2019	2018
<b>32. Employee related costs</b>				
Basic	433 376	380 032	428 879	374 884
Bonus	29 831	30 307	29 831	30 307
Medical aid - company contributions	39 954	37 246	39 954	37 246
UIF	3 485	3 147	3 485	3 147
WCA	3 484	-	3 484	-
SDL	7 402	5 259	7 402	5 259
Group Life	174	254	174	254
Pension	76 430	70 623	76 430	70 623
Industrial Council Levy	7 312	177	7 312	177
Other long-term employee benefits: Long-service awards	3 180	1 236	3 180	1 236
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	28 186	24 626	28 186	24 626
Housing benefits and allowances	2 723	1 929	2 723	1 929
Overtime payment	49 378	32 947	49 378	32 947
Other Employee Cost	30 731	15 125	30 731	15 125
	<b>715 646</b>	<b>602 908</b>	<b>711 149</b>	<b>597 760</b>

### Remuneration of Municipal Manager

Annual Remuneration	2 044	1 678	2 044	1 678
Acting Allowance	63	-	63	-
Contributions to UIF, Medical and Pension Funds	123	118	123	118
	<b>2 230</b>	<b>1 796</b>	<b>2 230</b>	<b>1 796</b>

### Remuneration of Chief Financial Officer

Annual Remuneration	473	1 055	473	1 055
Contributions to UIF, Medical and Pension Funds	16	12	16	12
Acting Allowance	66	37	66	37
	<b>555</b>	<b>1 104</b>	<b>555</b>	<b>1 104</b>

### Remuneration of Director: Community Development

Annual Remuneration	1 366	559	1 366	559
Car Allowance	96	40	96	40
Acting Allowance	-	84	-	84
Contributions to UIF, Medical and Pension Funds	84	30	84	30
	<b>1 546</b>	<b>713</b>	<b>1 546</b>	<b>713</b>

### Remuneration of Director: Corporate Services

Annual Remuneration	267	920	267	920
Acting Allowance	161	66	161	66
Contributions to UIF, Medical and Pension Funds	14	51	14	51

### Remuneration of Director: Local Economic Development

Annual Remuneration	1 483	890	1 483	890
Car Allowance	112	126	112	126
Acting Allowance	28	12	28	12
Contributions to UIF, Medical and Pension Funds	9	18	9	18



Figures in Rand thousand	Economic entity		Controlling entity	
	2019	2018	2019	2018
<b>32. Employee related costs (continued)</b>	<b>1 632</b>	<b>1 046</b>	<b>1 632</b>	<b>1 046</b>
<b>Remuneration of Director: Planning and Human Settlements</b>				
Annual Remuneration	1 386	700	1 386	700
Acting Allowance	-	73	-	73
Contributions to UIF, Medical and Pension Funds	247	42	247	42
	<b>1 633</b>	<b>815</b>	<b>1 633</b>	<b>815</b>
<b>Remuneration of Director: Technical and Infrastructure Services</b>				
Annual Remuneration	744	683	744	683
Contributions to UIF, Medical and Pension Funds	19	102	19	102
Acting Allowance	92	106	92	106
	<b>855</b>	<b>891</b>	<b>855</b>	<b>891</b>
<b>Remuneration of Director: Public Safety</b>				
Annual Remuneration	241	1 238	241	1 238
Car Allowance	55	84	55	84
Acting Allowance	30	-	30	-
Contributions to UIF, Medical and Pension Funds	10	73	10	73
	<b>336</b>	<b>1 395</b>	<b>336</b>	<b>1 395</b>
<b>Remuneration of Director: Rust Rapid Transport</b>				
Contributions to UIF, Medical and Pension Funds	-	6	-	6
Acting Allowance	41	662	41	662
	<b>41</b>	<b>668</b>	<b>41</b>	<b>668</b>
Total employee related cost	-	724 916	720 419	607 225
<b>33. Remuneration of councillors</b>				
Executive Major	1 130	1 023	1 130	1 023
Speaker	847	708	847	708
Mayoral Committee Members	7 818	7 438	7 818	7 438
Chief Whip	585	658	585	658
Councillors	38 117	25 097	38 117	25 097
Company Contributions to UIF, Medical and Pension Funds	5 254	3 726	5 254	3 726
	<b>53 751</b>	<b>38 650</b>	<b>53 751</b>	<b>38 650</b>
<b>34. Depreciation and amortisation</b>				
Property, plant and equipment	443 735	411 597	405 061	374 742
Investment property	10 311	11 877	10 311	11 877
Intangible assets	18	108	18	108
	<b>454 064</b>	<b>423 582</b>	<b>415 390</b>	<b>386 727</b>

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018
<b>35. Impairment of assets</b>				
<b>Impairments</b>				
Property, plant and equipment	3 266	6 672	2 926	6 512
With the assessment of the useful life and inspection of the asset conditions impairments were recognised.				
Investment property	445	-	445	-
With the assessments of the useful life and inspection of the asset conditions impairments were recognised.				
Intangible assets	-	370	-	370
With the assessment of the useful life and inspection of the asset conditions impairments were recognised				
Consumer Debtors	945 611	534 022	945 611	534 022
Recoverability of receivables from exchange and non-exchange transactions were assessed and provision for impairment were identified.				
Receivables from non-exchange revenue	4 449	9 653	4 449	9 653
Recoverability of IGRAP receivables were assessed and provision for impairment were identified.				
	<b>953 771</b>	<b>550 717</b>	<b>953 431</b>	<b>550 557</b>

### 36. Finance costs

Employee benefits	12 102	11 347	12 102	11 347
Finance leases	1 643	884	1 643	884
Loans and Payables at amortised cost	60 157	64 808	46 631	48 097
	<b>73 902</b>	<b>77 039</b>	<b>60 376</b>	<b>60 328</b>

### 37. Bulk purchases

Electricity	2 071 179	1 470 502	2 071 179	1 470 502
Water	357 432	310 762	477 032	430 056
	<b>2 428 611</b>	<b>1 781 264</b>	<b>2 548 211</b>	<b>1 900 558</b>

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom whilst Water is purchased from Rand Water, Rustenburg Water Services Trust and Magalies Water.

### 38. Contracted services

Training	1 872	4 405	1 872	4 405
Professional fees	16 783	29 003	16 783	28 084
Security Services	22 949	19 758	22 949	19 758
Valuation Services	1 160	502	1 160	502
Other Contractors	243 852	156 235	243 982	158 401
	<b>286 616</b>	<b>209 903</b>	<b>286 746</b>	<b>211 150</b>

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018
<b>39. General expenses</b>				
Advertising	263	3 186	133	849
Auditors remuneration	12 412	9 054	11 702	8 555
Bank charges	5 385	3 915	5 373	3 907
Consulting and professional fees	-	2 018	-	2 018
Consumables	8 056	2 089	8 056	2 089
Entertainment	26	(32)	26	(32)
Legal Costs	182	3 361	-	3 225
Hire	3 279	11 312	3 279	11 312
Insurance	8 003	4 031	7 167	3 237
Marketing	238	464	238	464
Contribution for landfill sites	11 778	9 430	11 778	9 430
Postage and courier	-	2 721	-	2 721
Printing and stationery	6 400	14 141	6 400	14 141
Subscriptions and membership fees and levies	176	5 904	176	5 904
Telephone and fax	4 014	4 334	4 014	4 334
Transport and freight	60 425	10 617	60 425	10 617
Travelling Subsistence	851	714	851	714
Assets written off	5 724	961	5 724	961
Water	77 731	75 718	-	-
Consumption expenditure	2 008	-	2 008	-
License fees	1 520	657	1 326	482
Ward committee	5 237	4 892	5 237	4 892
Printing of license cards	-	1 825	-	1 825
AVM Online Vending Services	-	11 147	-	11 147
Chemicals	758	935	758	935
Other expenses	16 471	31 943	16 471	31 943
	<b>230 937</b>	<b>215 337</b>	<b>151 142</b>	<b>135 670</b>

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	24	16	24	16
--------------------------	----	----	----	----

#### 41. Auditors' remuneration

Fees	12 412	9 054	11 702	8 555
------	--------	-------	--------	-------

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018
<b>42. Cash generated from operations</b>				
(Deficit) surplus <b>Adjustments for:</b> Depreciation and amortization	(427 786)	151 192	(497 516)	76 434
Gain on disposal of assets	454 064	423 582	415 390	386 727
Fair value adjustments	(963)	(4 101)	(953)	(4 101)
Finance costs	(24)	(16)	(24)	(16)
Impairment loss	61 800	65 692	48 274	48 981
Movements in operating lease assets	953 771	550 717	953 431	550 557
Movements in employee benefit obligations	43	48	43	48
Movements in provisions	6 940	1 288	6 940	1 288
<b>Changes in working capital:</b>	(7 925)	14 319	(7 925)	14 319
Inventory	(11 399)	12 224	(11 399)	12 224
Receivables from exchange and non-exchange transactions	(715 568)	(494 571)	(717 539)	(492 161)
Payables from Exchange transactions and other payables	840 948	84 192	895 412	140 126
	<b>1 153 901</b>	<b>804 566</b>	<b>1 084 134</b>	<b>734 426</b>

## 43. Financial instruments disclosure

### Categories of financial instruments

#### Economic entity - 2019

##### Financial assets

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	114 633	114 633
Receivables from non-exchange transactions	-	13 420	13 420
Cash and cash equivalents	601 141	-	601 141
Investments	1 037	-	1 037
Guarantees	29 421	-	29 421
	<b>631 599</b>	<b>128 053</b>	<b>759 652</b>

##### Financial liabilities

	At amortised cost	Total
Other financial liabilities	505 528	505 528
Payables from exchange transactions	1 435 366	1 435 366
Consumer Deposits	49 364	49 364
Finance Lease Obligation	12 590	12 590
	<b>2 002 848</b>	<b>2 002 848</b>

#### Economic entity - 2018

##### Financial assets

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	262 560	262 560
Receivables from non-exchange transactions	-	49 514	49 514
Cash and cash equivalents	230 634	-	230 634
Investments	1 197	-	1 197

#### 43. Financial instruments disclosure (continued)

Guarantees	28 846	-	28 846
	<b>260 677</b>	<b>312 074</b>	<b>572 751</b>

#### Financial liabilities

	At amortised cost	Total
Other financial liabilities	561 701	561 701
Payables from exchange transactions	844 297	844 297
Consumer Deposits	51 631	51 631
Finance Lease Obligation	19 578	19 578
	<b>1 477 207</b>	<b>1 477 207</b>

#### Controlling entity - 2019

#### Financial assets

	At fair value	At amortised cost	At cost	Total
Receivables from exchange transactions	-	102 837	-	102 837
Receivables from non-exchange transactions	-	13 420	-	13 420
Cash and cash equivalents	512 364	-	-	512 364
Investments	1 037	-	1	1 038
Finance lease receivables	-	2 050	-	2 050
Guarantees	29 421	-	-	29 421
	<b>542 822</b>	<b>118 307</b>	<b>1</b>	<b>661 130</b>

#### Financial liabilities

	At fair value	Total
Other financial liabilities	419 587	419 587
Payables from exchange transactions	1 610 979	1 610 979
Consumer Deposits	49 364	49 364
Finance Lease obligation	12 590	12 590
	<b>2 092 520</b>	<b>2 092 520</b>

#### Controlling entity - 2018

#### Financial assets

	At fair value	At amortised cost	At cost	Total
Receivables from exchange transactions	-	248 853	-	248 853
Receivables from non-exchange transactions	-	49 514	-	49 514
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
	<b>147 415</b>	<b>300 583</b>	<b>1</b>	<b>447 999</b>

#### Financial liabilities

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2019	2018	2019	2018
<b>43. Financial instruments disclosure (continued)</b>				
Other financial liabilities			448 141	448 141
Payables from exchange transactions			965 447	965 447
Consumer Deposits			51 631	51 631
Finance lease obligation			19 578	19 578
			<b>1 484 797</b>	<b>1 484 797</b>

### 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) Guarantees are measured at inputs other than quoted market prices. (level 2)

### Financial Liabilities Maturity Analysis

<b>30 June 2019 - Economic entity</b>	< 1 year	1 to 2 years	2 to 5 years	5+ years	Total
Other financial liabilities	64 937	72 819	130 829	236 944	505 528
Payables from exchange transactions	1 435 366	-	-	-	1 435 366
Consumer deposits	49 364	-	-	-	49 364
Finance lease obligation	7 719	4 871	-	-	12 590
	<b>1 557 386</b>	<b>77 690</b>	<b>130 829</b>	<b>236 944</b>	<b>2 002 848</b>

<b>30 June 2018 - Economic entity</b>	< 1 year	1 to 2 years	2 to 5 years	5+ years	Total
Other financial liabilities	57 649	64 937	163 674	275 441	561 701
Payables from exchange transactions	844 297	-	-	-	844 297
Consumer deposits	51 631	-	-	-	51 631
Finance lease obligation	6 988	7 719	4 871	-	19 578
	<b>960 565</b>	<b>72 656</b>	<b>168 545</b>	<b>275 441</b>	<b>1 477 207</b>

<b>30 June 2019 - Controlling entity</b>	< 1 year	1 to 2 years	2 to 5 years	5+ years	Total
Other financial liabilities	33 805	37 530	111 309	236 944	419 587
Payables from exchange transactions	1 610 979	-	-	-	1 610 979
Consumer deposits	49 364	-	-	-	49 364
Finance lease obligation	7 719	4 871	-	-	12 590
	<b>1 701 867</b>	<b>42 401</b>	<b>111 309</b>	<b>236 944</b>	<b>2 092 520</b>

<b>30 June 2018 - Controlling entity</b>	< 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	965 447	-	-	-	965 447
Consumer deposits	51 631	-	-	-	51 631
Finance lease obligation	6 988	7 719	4 871	-	19 578
	<b>1 054 075</b>	<b>41 524</b>	<b>113 756</b>	<b>275 442</b>	<b>1 484 797</b>

### 44. Commitments

#### Commitments in respect of Capital Expenditure

##### Already contracted for but not provided for

• Approved and contracted for	681 827	698 040	649 946	609 966
-------------------------------	---------	---------	---------	---------

##### Total capital commitments

Approved and contracted for	681 827	698 040	649 946	609 966
-----------------------------	---------	---------	---------	---------

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018

#### 45. Contingencies

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018
Pogiso Bothomane // RLM & Others. Urgent High Court application to set aside the appointment of three directors in that the appointments were irregular.	140	140	140	140
Bonakude Consulting (Pty) Ltd. // RLM Case No. 1053/19. Claim for payment in the amount of R8, 757,755.83 for consulting services which were rendered to RLM per the SLA that was concluded.	11 963	11 963	11 963	11 963
Reonet (Pty) Ltd. T/a Reonet Utility // RLM. Non-payment of services rendered in the amount of R318, 346.20 – Automated meter reading water demand management programme	726	726	726	726
Bigen Africa Services (Pty) Ltd // RLM. Claim for non-payment of rendered professional roads and stormwater services rendered at various areas in the amount of R6, 828, 260.87 plus interest on the outstanding amount at 10.25% a tempore morae from 14 November 2018	50	50	50	50
Sisters of Charity of St. Paul the Apostle // RLM. Dispute over municipal account and claim for prescription on Account number 1030953 & 122464	1 506	1 506	1 506	1 506
Eritha Door and Windows // RLM. Claim against RLM for outstanding amount of R4 599 502 .06 for Cession agreement concluded with RLM (as subcontractor) of Makgothamishe. The Municipality cancelled the agreement with the main contractor because of poor performance	6 936	6 936	6 936	6 936
GCF Forklifts and Truck Centre (Pty) Ltd / RLM. Application by GCF for payment of the sum of R787, 423. 95 for services rendered.	1 080	1 080	1 080	1 080
Mmela Investment Holdings (Pty) Ltd // RLM. 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.	655 697	655 697	655 697	655 697
Glencore, Merafe Consolidated Metallurgical Industries (Pty) Ltd, Merafe Ferrochrome CMI, Merafe Resources Limited // RLM, Eskom Holding & NERSA. 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.	1 500	1 500	1 500	1 500
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.	1 231	1 231	1 231	1 231
Safari Centre (Pty) Ltd // RLM. Application by Safari Centre to compel statement and debatement on accounts and to correct errors.	210	210	210	210
Makgosi Consulting CC // RLM. Urgent application to interdict RLM from outsourcing any of the work that falls within the ambit of an electricity and water agreements.	500	500	500	500

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2019	2018	2019	2018
<b>45. Contingencies (continued)</b>				
Vesta//RLM. Court Application by RLM to review the contract as invalid, unlawful and unconstitutional.	31 750	31 750	31 750	31 750
Various urgent interlocutory applications brought to restore and keep access to Phoenix accounting system.				
Public Protector // RLM and Fox way & 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 Fox way blaming RLM for wrongly approving flood lines in building plans referred to RLM's insurers.	250	250	250	250
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.	42 565	42 565	42 565	42 565
Hennie Motors / RLM. Application for payment of R 1261 407.20 for services rendered. Supply chain management process was not followed in that no order was provided before the work can be done.	1 971	1 971	1 971	1 971
Frans Lourens Rootman and Another // RLM and Executive Mayor. Claim in the amount of R1m in respect of the alleged Defamation of Character.	1 665	1 665	1 665	1 665
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	41 184	41 184	41 184	41 184
RLM / Mdango Vincent and 21 Others. Eviction proceedings in terms of P.I.E. Act by R.L.M against 20 illegal occupants.	1 670	1 670	1 670	1 670
Frannerro Property Investment 202 Pty Ltd / Selapo and Rustenburg Municipality and Department of Land and Rural Development. Application for eviction from property known as Waterval Portion 35 , Rustenburg . Root cause Owner evicting unlawful occupiers from his property and requesting the Court to order RLM to provide alternative accommodation to the unlawful occupiers when eviction is granted	699	699	699	699
RLM / Novel Enterprises. Application for payment of the outstanding amount of R1 891 900-00 for the supply of water tankers in various areas in Rustenburg.	2 824	2 824	2 824	2 824
Aquarius Platinum Mine Pty Ltd / Bonene and 170 others. Application for eviction of Employees who were employees at Aquarius Mines. Employees were dismissed on the basis of being involved in an unprotected strike	197	197	197	197
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.	3 849	3 849	3 849	3 849
Aecom SA (Pty) Ltd / RLM. Claim for payment of professional service rendered – Waste disposal transfer station – R6 818 289-20	8 364	8 364	8 364	8 364
Gabtu Project Management and Construction CC / RLM. Review and setting aside of the tender and claim for damages.	5 038	5 038	5 038	5 038



Figures in Rand thousand	Economic entity		Controlling entity	
	2019	2018	2019	2018
<b>45. Contingencies (continued)</b>				
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 R236 764-00.	-	500	-	500
Eternity Star Investments 231 CC / RLM. Claim in the amount of R1 652 684-36 in respect of the outstanding amount for service rendered in respect of water services at Zinniaville.	826	826	826	826
Solly Kgampe / RLM. Review Application RLM/ Telkom. Telkom is suing Rustenburg for damaging Telkom's fibre optic cables.	230	230	230	230
Itumeleng Lesenyeho Mogakabe // RLM and others. Application for compensation for general damages in the amount of R500 000-00 pursuant to the registration of the Plaintiff's vehicle at the registering authority (Public Safety) after purchasing the vehicle at other respondents. The allegations are to the effect that RLM and other defendants had caused the Plaintiff's Taxi business to no longer operate due to the misrepresentation caused by other defendants which led	176	176	176	176
Happy Thoke / RLM. Review Application against the Arbitrator Rescission Ruling	920	920	920	920
Telkom SA/RLM (8 CASES ). Claim for damages against the RLM	583	583	583	583
Lesley Molema /RLM. Review Application against the Arbitrator	-	18 957	-	18 957
Telkom SA/RLM (8 CASES ). Claim for damages against the RLM	1 814	1 534	1 814	1 534
SAMWU obo S.L. More /RLM. Review Application RUS-054/16). Member of the public claims for loss of income in the amount of R85 931.00	190	-	190	-
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.	1 064	1 064	1 064	1 064
Waterlink Warehouse (PTY) LTD // RLM – CASE NO: 106/2016. Water link Warehouse (Pty) Ltd had issued Summon against the Defendant (Rustenburg Local Municipality) claiming for outstanding payment of an invoice in the sum of R551 338-36 for the service rendered. The Plaintiff is therefore now claiming the following from the Defendant.	86	-	86	-
S.O. Matshidiso Construction & Projects CC / RLM. On 15 March 2016, S.O. Matshidiso Construction issued Summons against Rustenburg Municipality at the Gauteng Local Division claiming the amount of R34 998 485-40. 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.	929	929	929	929
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	800	800	800	800
	36 313	36 313	36 313	36 313
	350	350	350	350

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2019	2018	2019	2018
<b>45. Contingencies (continued)</b>				
Sebalo Rebecca Pilane // RLM. Urgent Spoliation application to restore water and electricity at the property known as ERF 1923 Bou- Dorp Rustenburg	300	300	300	300
Eskom Holding SOC LTD // RLM. Rescission Application in respect of judgment granted with costs in respect of eviction at the registered servitude at Portion of Farm 1 Rustenburg Dorp En Dorpsgronde Number 22.	75	75	75	75
Crystal Lagoon Investments 43 CC // RLM. Application for a refund in the amount of R383 711.87 that was paid under protest in order to obtain Clearance Certificate.	350	350	350	350
PEC Utility Management (Pty) Ltd. // RLM. Dispute over municipal account 1 611 1 198	1 611	1 198	1 611	1 198
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.	21 274	10 087	21 274	10 087
Dikgele Distributors Services /RLM. Claim for payment for the supply of water tankers to informal settlements supply chain Management processes were not followed during the appointment of Service provider	-	524	-	524
Didimalang Gilbert Mokweni // RLM & DPS. Claim in the amount of R13, 800.00 resulting from the impoundment of white Toyota Quantum with registration JCC 145 NW which vehicle is being used to ferry passengers and their personal goods between Boitekong, Meriting and Rustenburg.	52	52	52	52
Diphage Maropeng // RLM & M Banda. Claim in the amount of R50, 000.00 in respect of clearance figures of the rates and taxes arrears of the Plaintiff's property. The 2nd Defendant was previously employed by RLM but has since been dismissed because of this misconduct	90	90	90	90
Makgosi Consulting CC // RLM. Urgent application to set aside the intended termination of contract and claim for payment of R 12 million for service rendered.	500	500	500	500
Linda Jele. Unfair dismissal before the SALG Bargaining Council	627	627	627	627
Thabo Maotwe. Unfair dismissal before the SALGBC Bargaining Council	487	487	487	487
Obakeng Makgala. Unfair dismissal before the SALG Bargaining Council	487	487	487	487
Telkom SA SOC Limited // RLM. Claim for payment in the amount of R254, 997.79 for damaged underground electronic communications facilities at various areas	881	881	881	881
Nkululeko Nkomo // RLM. Claim in the amount of R1M for matrimonial loss pursuant to refusal by RLM Security Officer to avail the facility booked for music festival event.	1 813	1 813	1 813	1 813
JL Mokgatle // RLM. The 2nd Defendant – Mr. Diratsagae – had an accident whilst driving a leased Toyota Hilux Double Cab (bearing registration number HRW 067 NW) around Sun City Pretoria Road. The Plaintiff alleges that the 2nd Defendant was negligent in that he failed to exercise proper care and control of the motor vehicle. Claim in the amount of R122, 817.00	175	175	175	175
Thomas Alexander Brough & Others / Rustenburg Local Municipality. Demolishing of structures	-	300	-	300

Figures in Rand thousand	Economic entity		Controlling entity	
	2019	2018	2019	2018
<b>45. Contingencies (continued)</b>				
Telkom SA / RLM. Action instituted by Telkom SA for damages in the amount of R16 324 - 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.	-	300	-	300
RLM / Mr/s E & RGM Masilo. Contravention of land use at Erf. 620 Rustenburg (House No. 4 Oos street – Rustenburg East	-	100	-	100
Rolley Mutitese Madala // RLM & Others. Spoliation application to reconnect electricity at the property known as 151A Kloppe Street - Rustenburg	-	700	-	700
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.	-	100	-	100
Bogadi Gloria Thekwe and Others // Ernest Dinale, RLM and others. Claim for 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	-	481	-	481
NYAMEZELA CONSULTING ENGINEERS (PTY) LTD / RLM. Claim for outstanding payment for the electrification of houses at Ikemeng Informal Settlement (Ward 35) as per Bid no. RLM/DTIS/0003/2012/2013	-	8 562	-	8 562
ANDRE DU TOIT / RLM. Claim 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.	-	420	-	420
Lethadika CC / t/a LT Services / RLM. Breach of Cession Agreement	-	160	-	160
JST Construction CC / RLM. A claim in respect of the design and construction.	-	3 167	-	3 167
Nehemia Segoe / RLM & Another. Summons issued against RLM for damages sustained as a result of a fire.	-	200	-	200
Thabane Motors / RLM. The plaintiff claims an amount of R9 101 385,25 plus interest and costs against the RLM in respect of unpaid invoices for repairs and maintenance of the Municipality fleet	12 281	-	12 281	-
Vuka Africa Consulting Engineers and Project Managers / RLM. Vuka Africa instituted arbitration proceedings against the RLM in respect of tender no: RLM/MM/0078/2014/15 awarded to Vuka Africa.	1 800	-	1 800	-
	<b>910 563</b>	<b>919 069</b>	<b>910 563</b>	<b>919 069</b>

Landfill Sites:

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018

### 45. Contingencies (continued)

The municipality does not have permits for the following landfill sites:

- Bethanie
- Lethabong
- Marikana
- Monnaka
- Phatsima

The municipality might be fined and penalised for operating unlicensed landfill sites by the Department of Environmental Affairs. However, municipality could not reliably estimate the probable fine that might be incurred as there are no known similar cases against other municipalities.

### Contingent assets

	Economic entity		Controlling entity	
Figures in Rand Thousand	2019	2018	2019	2018
RLM/ MAKGOTAMISHE. RLM has instituted summons for payment of the sum of R 12 148 284.65. Plaintiff has counterclaim. 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	15 975	-	15 975	-
RLM/ KNT. This matter relates to recovery of interest and legal costs in respect of an urgent court application brought by the RLM where there was an error in the transfer of property to the purchaser. The RLM was successful in obtaining a court order for the rectification and retransfer of the property into the name of the RLM.	1 802	-	1 802	-
REONET /RLM ACTION. Action instituted for payment of the sum of R 318 346.20 plus interest plus legal costs for enrichment by the RLM for goods sold and services rendered to the RLM	726	-	726	-
RLM/ MUNSOLVE/ ROOTMAN/ ANC/ RLM/ EXECUTIVE MAYOR. Action for damages in respect of alleged defamation.	4 000	-	4 000	-
RWST / ALULA WATER. Possible action against Alula Water for inability to fulfill their contractual obligations.	11 793	-	-	-
Subtotal	34 296	-	22 503	-
	<b>34 296</b>	<b>-</b>	<b>22 503</b>	<b>-</b>

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018

#### 46. Related parties

##### Relationships

Controlled entities

Refer to note 7

Joint ventures

Refer to note 32&33

##### Related party balances

##### Loan accounts - Owing (to) by related parties

Rustenburg Water Services Trust	2 050	2 216
---------------------------------	-------	-------

##### Amounts included in Trade receivable (Trade Payable) regarding related parties

Rustenburg Water Services Trust - Water Sales	(181 488)	(132 312)
Rustenburg Water Services Trust - Grant & subsidy	(10 062)	(5 472)
Rustenburg Water Services Trust - IMQS Software	(2 173)	(2 664)

##### Related party transactions

##### Interest paid to (received from) related parties

Rustenburg Water Services Trust	(240)	(255)
---------------------------------	-------	-------

##### Purchases from (sales to) related parties

Rustenburg Water Services Trust	119 600	119 294
Rustenburg Water Services Trust - IMQS Software	130	2 337

##### Transfer payment / Grant & Subsidy paid to (received from) related parties

Rustenburg Water Services Trust	22 265	35 981
---------------------------------	--------	--------

##### Transfer payment / Grant & Subsidy (conditions met by related party)

Rustenburg Water Services Trust	(22 265)	(35 981)
---------------------------------	----------	----------

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	-	-
Daisy Sedumedi	114	-	-
Torrence Mathonsi	103	-	-
	<b>304</b>	<b>-</b>	<b>-</b>

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	10 435	9 339	-	-
Bank charges	(12)	(8)	-	-
Interest paid on term loan	(13 526)	(16 711)	-	-
Term Loan	85 941	113 561	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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.

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018

### 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.

### 48. Prior period errors

Transactions reflected in this note are rounded to thousands.

#### The following Prior period error corrections were done for the 2017 financial year:

A decrease in Retained earnings of R45 568, a decrease in Receivables from exchange transactions of R53 606, an increase in Receivables from non exchange transactions of R1 455 and an increase in VAT receivable of R6 583 occurred due to corrections made after year end to accounts due to various reasons which include over and under billing of customer accounts.

An increase in Payables from exchange transactions of R11 951, a decrease in Retained earnings of R11 886 and an increase in VAT receivables of R65 occurred due to exceptions raised last year that were corrected as well as additional items that were identified when the full population of creditors were investigated.

Additional corrections were made to assets due to exceptions raised last year and additional items identified when the full population of assets was investigated. This included amounts that were incorrectly included in WIP that should have been capitalised. The corrections resulted in a decrease in PPE of R323 and a decrease in Retained earnings of R323.

#### The following Prior period error corrections were done for the 2018 financial year as reflected in below tables:

A decrease in Receivables from exchange transactions of R89 964, a decrease in Service Charges of R78 230 and an increase in VAT receivable of R11 734 occurred due to corrections made after year end to accounts due to various reasons which include over and under billing of customer accounts.

Contingent Liabilities increased by R808 366 due to exceptions raised last year that were investigated and additional items identified when the full population of contingencies were investigated.

Irregular expenditure increased by R505 134 due to exceptions raised last year that were investigated and additional items identified when the full population of payments and contracts were investigated.

An increase in Contracted services of R1 989, an increase in General expenses of R5 128, an increase in Payables from exchange transactions of R8 029 and an increase in VAT receivable of R913 occurred due to exceptions raised last year that were corrected as well as additional items that were identified when the full population of creditors were investigated.

Commitments increased by R277 242 due to exceptions raised last year that were investigated and additional items identified when the full population of payments and contracts were investigated.

Additional corrections were made to assets due to exceptions raised last year and additional items identified when the full population of assets was investigated. This included amounts that were incorrectly included in WIP that should have been capitalised. The corrections resulted in a decrease in PPE of R915 and an increase in Depreciation of R915.

Collection Costs were reclassified to General Expenses to improve disclosure. This resulted in an increase in General Expenses of R15 336 and a decrease in Collections costs of R15 336.

The combined effects of the prior period errors are as follows in the AFS - Rounded to R'000:

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018

#### 48. Prior period errors (continued)

	Previously reported	Prior period error	Restated amount
<b>Statement of financial position - extract Current assets</b>			
Receivables from exchange transactions	406 132	(143 572)	262 560
Receivables from non-exchange transactions	48 059	1 455	49 514
VAT Receivable	94 405	19 296	113 701
<b>Non-current assets</b>			
Property, plant and equipment	8 682 942	(1 239)	8 681 703
<b>Current liabilities</b>			
Payables from exchange transactions	824 324	19 973	844 297
<b>Non-current liabilities</b>			
<b>Statement of changes in net assets - extract</b>			
Accumulated Surplus	7 652 310	(144 033)	7 508 277
<b>Statement of financial performance - extract</b>			
<b>Revenue</b>			
Service Charges	2 741 161	(78 231)	2 662 930
<b>Expenditure</b>			
Depreciation and Amortization	422 667	915	423 582
Collection costs	15 336	(15 336)	-
Contracted services	207 915	1 988	209 903
General expenses	194 874	20 463	215 337

The following analysis indicates the effect of the prior period errors on the effected line items. The effects are shown in the financial periods ended 30 June 2018 and 30 June 2017 respectively:

	2018	2017	2018	2017
<b>Statement of financial position</b>				
Decrease in Retained earnings	-	45 568	-	45 568
Decrease in Receivables from exchange transactions	89 964	53 607	89 964	53 607
Increase in Receivables from non exchange transactions	-	1 455	-	1 455
Increase in VAT receivable	11 734	6 583	11 734	6 583
Increase in Payables from exchange transactions	-	11 951	-	11 951
Decrease in Retained earnings	-	11 886	-	11 886
Increase in VAT receivable	-	65	-	65
Increase in Payables from exchange transactions	8 029	-	8 029	-
Increase in VAT receivable	913	-	913	-
Decrease in PPE	915	323	915	323
Decrease in Retained earnings	-	323	-	323
<b>Statement of financial performance</b>				
Decrease in Service charges	78 230	-	78 230	-
Increase in Contracted services	1 989	-	1 989	-
Increase in General Expenses	5 128	-	5 128	-
Increase in Depreciation	915	-	915	-
Increase in General Expenses	15 336	-	15 336	-
Decrease in Collection costs	15 336	-	15 336	-
<b>Notes to the Financial Statements</b>				
Increase in Contingent liabilities	808 366	-	808 366	-
Increase in Irregular Expenditure	505 134	-	505 134	-
Increase in Commitments	277 242	-	277 242	-

# **Rustenburg Local Municipality**

Consolidated Annual Financial Statements for the year ended 30 June 2019

## **Notes to the Consolidated Annual Financial Statements**

### **49. Comparative figures**

Certain comparative figures have been reclassified. Mainly due to prior year errors, refer to note above..



	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018

## 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	(518 118)	(581 280)	(432 177)	(467 719)
Cash and Cash Equivalents	601 141	230 634	512 364	117 372
<b>Net Debt</b>	<b>83 023</b>	<b>(350 646)</b>	<b>80 187</b>	<b>(350 347)</b>

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.

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018

### 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.

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018

## 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

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018

### 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

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018

#### 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 - 2019	Economic entity - 2018	Controlling entity - 2019	Controlling entity - 2018
Finance Lease Receivables	-	-	2 050	2 216
Receivables from exchange transactions	114 633	262 560	102 837	392 425
Receivables from non-exchange transactions	13 420	49 514	13 420	48 059
Cash and cash equivalents	601 141	230 634	512 364	117 372
Investments	1 037	1 197	1 038	1 198
Guarantees	29 421	28 846	29 421	28 846

#### Market risk

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018

### 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 2019 - Economic entity 2019

Interest received for the year: -2%	246 468	(61 617)	Decrease in net surplus
Interest received for the year	308 085	-	
Interest received for the year: +2%	369 702	61 617	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 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

#### Sensitivity analysis for financial instruments 2019 - Controlling entity 2019

Interest received for the year: -2%	238 312	(59 578)	Decrease in net surplus
Interest received for the year	297 890	-	
Interest received for the year: +2%	357 468	59 578	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 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

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018

## 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.

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018

### 51. Going concern (continued)

We draw attention to the fact that at 30 June 2019, the following conditions existed:

- Current Liabilities is more than two times that of current assets.
- Recoverability of outstanding debtors are low and more than ninety percent of gross debtors have been impaired.
- On average the municipality takes longer than the prescribed thirty day period to pay creditors.
- The municipality is involved in various matters involving litigation of which the outcome is unknown.

These matters cast doubt on the ability of the municipality to operate as a going concern. Management will continue to monitor and assess these matters on a regular basis.

### 52. Events after the reporting date

No material events for occurred Rustenburg Local Municipality with respect to the 2018/19 financial year end after the date of the statement of financial position in respect of loans, investments and any other aspects.

For Rustenburg Water Services Trust, the attention of the users of the financial statements are drawn to the fact that an agreement between the Trust and RLM was reached on 2 July 2019 whereby RLM committed to pay the outstanding invoices to the Trust. The ability of RLM to honour the agreement impacts on the ability of the Trust to operate as a going concern.

### 53. Unauthorised expenditure

Opening Balance	1 029 199	991 580	1 029 199	991 580
Unauthorised Expenditure current year	1 036 181	65 375	1 036 181	65 375
Authorised during the financial year	-	(27 756)	-	(27 756)
	<b>2 065 380</b>	<b>1 029 199</b>	<b>2 065 380</b>	<b>1 029 199</b>

Unauthorised Expenditure occurred mostly as a result of debt impairment being higher than anticipated when assessing the collectability of debtors.

Unauthorised expenditure for the current year relates to the following expenditure departments:

Vote 2 - MUNICIPAL MANAGER	20 206	65 375	20 206	65 375
Vote 4 - BUDGET AND TREASURY	25 357	-	25 357	-
Vote 9 - TECHNICAL AND INFRASTRUCTURE	990 618	-	990 618	-
	-	-	-	-
	<b>1 036 181</b>	<b>65 375</b>	<b>1 036 181</b>	<b>65 375</b>

### 54. Fruitless and wasteful expenditure

Opening Balance	2 172	1 921	2 172	1 921
Expenditure incurred during the year	793	251	793	251
	-	-	-	-
	<b>2 965</b>	<b>2 172</b>	<b>2 965</b>	<b>2 172</b>

Expenditure incurred during the year resulted from interest paid on late payments of suppliers and court orders to the value of R793.

The municipality was charged interest by Eskom which has not been accounted for as fruitless and wasteful expenditure as the municipality has lodged a dispute over these charges. Management is of the view that Eskom will reverse these interest charges.



	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018
<b>55. Irregular expenditure</b>				
Opening balance	4 716 341	3 820 585	4 716 341	3 820 585
Additional irregular expenditure identified	148 342	505 134	148 342	505 134
Irregular expenditure incurred during the year	266 298	407 688	266 298	407 688
Amounts investigated found not irregular/value for money received	-	(17 066)	-	(17 066)
	<b>5 130 981</b>	<b>4 716 341</b>	<b>5 130 981</b>	<b>4 716 341</b>
<b>Analysis of irregular expenditure incurred current year - by nature</b>				
Procurement process not followed for legacy contracts	252 557	3 334	252 557	3 334
Proper procurement process not followed	13 741	403 486	13 741	403 486
Contract exceeded the appointment/variation amount	-	868	-	868
	<b>266 298</b>	<b>407 688</b>	<b>266 298</b>	<b>407 688</b>
<b>Analysis of irregular expenditure incurred - By timing</b>				
Origin of irregular expenditure - Pre and including 2014/2015	66 697	48 335	66 697	48 335
Origin of irregular expenditure - 2015/2016	115 479	212 401	115 479	212 401
Origin of irregular expenditure - 2016/2017	26 594	55 047	26 594	55 047
Origin of irregular expenditure - 2017/2018	42 358	91 905	42 358	91 905
Origin of irregular expenditure - 2018/2019	15 170	-	15 170	-
	<b>266 298</b>	<b>407 688</b>	<b>266 298</b>	<b>407 688</b>
<b>Amounts investigated found not irregular/value for money received. During the previous 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 relates to procurement contracts entered into prior and including 2014/2015 financial years. The below indicate the results from this process:</b>				
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)
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)
<b>Total rand value removed from irregular register as found to be not irregular</b>	<b>-</b>	<b>17 066</b>	<b>-</b>	<b>17 066</b>

*Irregular expenditure identified during the current year is undergoing the processs of being subjected to investigation. Full details are available in the irregular expenditure register.*

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018

### 56. Additional disclosure in terms of Municipal Finance Management Act

#### Contributions to organised local government

Current year subscription / fee	157	5 927	157	5 927
Amount paid - current year	(157)	(5 927)	(157)	(5 927)
	-	-	-	-

#### 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:

<b>Electricity</b>	Units (kWh)	Units (kWh)	Units (kWh)	Units (kWh)
Purchased during the year	2 134 829	1 988 590	2 134 829	1 988 590
Sold during the year	(1 811 049)	(1 829 552)	(1 811 049)	(1 829 552)
Unaccounted - Normal distribution losses - % of electricity (2019 - 15,17%); (2018 - 8,07%)	323 780	159 038	323 780	159 038
<b>Loss (R): At Cost</b>	<b>273 422</b>	<b>143 647</b>	<b>273 422</b>	<b>143 647</b>

Electricity losses occur due to inter alia, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections. The 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.

<b>Water</b>	Units (kl)	Units (kl)	Units (kl)	Units (kl)
Purchased during the year	43 527	41 010	43 527	41 010
Sold during the year	(20 616)	(24 093)	(20 616)	(24 093)
Unaccounted - Normal distribution losses - % of water (2019 - 52,64%); (2018 - 41,25%)	22 911	16 917	22 911	16 917
<b>Loss (R): At Cost</b>	<b>205 768</b>	<b>139 158</b>	<b>205 768</b>	<b>139 158</b>

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	189	157	189	157
Current year subscription / fee	12 412	9 054	11 702	8 555
Amount paid - current year	(11 914)	(9 022)	(11 204)	(8 523)
	<b>687</b>	<b>189</b>	<b>687</b>	<b>189</b>

#### PAYE and UIF

Current year subscription / fee	105 279	83 471	105 279	83 471
Amount paid - current year	(105 279)	(83 471)	(105 279)	(83 471)
	-	-	-	-

#### Pension and Medical Aid Deductions

Current year subscription / fee	121 637	111 883	121 637	111 883
Amount paid - current year	(121 637)	(111 883)	(121 637)	(111 883)
	-	-	-	-

Figures in Rand thousand	Economic entity		Controlling entity	
	2019	2018	2019	2018

## 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 2019:

30 June 2019	Outstanding less than 90 days	Outstanding more than 90 days	Total
Clr Mokwele P	-	1	1
Clr Du Plessis G J	2	-	2
Clr Molotsi CN	1	-	1
Clr Malinga M	6	39	45
Clr Bothomane	4	97	101
Clr Radebe MW	1	-	1
Clr Ngwato JD	5	-	5
Clr Matlhoko AM	1	-	1
Clr Mataboge AL	1	-	1
Clr Nkosi	9	293	302
Clr Tsamai	1	-	1
Clr Nkgoang	1	-	1
Clr Mataboge AL	1	-	1
Clr Mokotedi KG	1	-	1
Clr Mhlungu SBM	1	-	1
Clr Khunou ME	5	-	5
Clr Coetzee M & MJ	2	-	2
Clr Edwards I	2	-	2
Clr Nel D	4	-	4
Clr Mohube MM	1	-	1
Clr Khunou ME	1	-	1
Clr Motlhamme GS	1	-	1
Clr Wolmarans SD	2	-	2
Clr Babe NB	2	-	2
Clr Magadane	1	36	37
Clr Molubi JN	1	-	1
	<b>57</b>	<b>466</b>	<b>523</b>

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	3	26	29
Clr Fetmani	2	-	2
Clr Pelesi KL	3	39	42
Clr Ngwato JD	2	3	5
Clr Matlhoko	1	14	15
Clr Molubi JN	3	-	3
Clr Mokotedi KG	3	-	3
Clr Mokwele P	5	-	5
Clr Molhamme	1	-	1
Clr Legopelo JB	1	2	3
Clr Khunou ME	1	-	1
Clr Mataboge AL	3	2	5
Clr Miny CFM	1	-	1

# Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2019	2018	2019	2018
<b>56. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>				
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
	<b>78</b>		<b>504</b>	<b>582</b>

### 57. Budget differences

Material differences between budget and actual amounts

	Economic entity		Controlling entity	
Figures in Rand thousand	2019	2018	2019	2018

## 57. Budget differences (continued)

### Controlling entity:

Rental of Facilities and Equipment - Increase is due to a greater demand by residents for affordable facilities

Interest received (trading) - Budgeted under dividends received. Should have budgeted under Interest received (trading)

Agency Services - Budgeted only for collection of license disks. Should have included payments to North West Department of Transport

Licenses and Permits - Increase is indicative of intensifying efforts related to the collection of licences

Other Income - Decrease is the result of anticipating greater sundry income than what was received

Interest Received (Other) - Increase due to investments with higher returns

Dividends Received - Budgeted under dividends received. Should have budgeted under Interest received (trading)

Government Grants and Subsidies - In line with allocations received as per DORA

Impairment Losses - Increase in line with year end assessment on the collectability of debtors.

Finance Costs - Inadequate provision during the budgeting process

Lease rentals on operating lease - Budgeted under General Expenses in line with mSCOA

Repairs and Maintenance - In line with the conditional assessment of assets

Contracted Services - Decrease due to cost containment measures and reduced reliance on consultants

Transfers and Subsidies - Quicker than expected utilisation of grant funding by the entity of the

municipality General Expenses - Decrease due to cost containment measures

Gain on disposal of assets and liabilities - Decrease is the result of anticipating more auctions and disposals than what took place

Fair value adjustments - Not Budgeted for

Actuarial gains/losses - Not Budgeted for

### 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. The period of the budget is 01 July 2018 to 30 June 2019.

### 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. All changes occurred due to over / under provision of estimates during the original budgeting process.

Figures in Rand thousand	2019	2018	2019	2018
--------------------------	------	------	------	------

## 57. Budget differences (continued)

Financial Performance	Original Budget	Adjustments	Adjusted Budget
Property rates	340 075	-	340 075
Service charges	3 030 987	(10 000)	3 020 987
Rental of facilities and equipment	254	-	254
Interest received - other	16 581	-	16 581
Interest received (trading)	19 569	-	19 569
Dividends received	250 278	-	250 278
Fines, penalties and forfeits	17 748	(10 000)	7 748
Licenses and Permits	9 653	-	9 653
Agency services	131 944	-	131 944
Government Grants and Subsidies Received	1 210 159	163 295	1 373 453
Other income	141 845	(10 000)	131 845
Gains on disposal of assets	117 080	(52 390)	64 690
<b>Total revenue</b>	<b>5 286 172</b>	<b>80 905</b>	<b>5 367 077</b>
Employee related costs	689 646	-	689 646
Remuneration of councillors	56 614	-	56 614
Impairment losses	539 436	-	539 436
Depreciation and Amortization	446 984	-	446 984
Finance charges	100 026	(56 613)	43 413
Bulk purchases	2 008 835	-	2 008 835
Repairs and Maintenance	244 627	-	244 627
Contracted services	315 325	90 321	405 645
Transfers and subsidies	16 938	-	16 938
General expenses	354 102	15 000	369 102
<b>Total expenditure</b>	<b>4 772 532</b>	<b>48 708</b>	<b>4 821 240</b>
<b>Surplus / (Deficit) for the year</b>	<b>513 640</b>	<b>32 197</b>	<b>545 837</b>
	-	-	-
	Economic entity	Controlling entity	

### 6.3 Post Audit Action Plan on Audit report matters for the year ended 30 June 2019

Qualification Matter – 30 June 2019			Action to address finding	Date of completion
Financial statement item	Finding	Responsible Unit		
<b>Property, plant and equipment</b>	Infrastructure assets: overall limitation on testing infrastructure due to significant restrictions in the information in the fixed asset register [ISS. 51 and ISS. 137]	Financial Management Services & Roads and Transport	Appoint assets consultant to assist with compilation of asset register, review of assets useful and full infrastructure assets verification (including componentisation against invoices, bill of quantities, e.g. RRT)	Appointment: Feb 2020
	Work-in-progress: Incorrect valuation of WIP projects as included in the opening balance of the fixed asset register [ISS. 164]		Assign asset team to work with consultant. Develop skill transfer program within the scope/deliverable of consultants	Draft Asset register and workings: 15 June 2020
	Work-in-progress: Non-compliance with the disclosure requirements of GRAP 17.87(b) and (c) [ISS. 213]		Use comprehensive AFS compliance checklist to review AFS (Timely preparation and review of AFS)	Draft AFS review: 8 July 2020
	Work-in-progress: Limitations on bill of quantities for the RRT project. [ISS. 106]			
<b>Cash and Cash Equivalents</b>	Cashbook does not reconcile to the Bank Statements and no list for reconciling items was submitted. [ISS. 159 and 230]	Financial Management Services	Investigate un-reconciling items – Trace supply paid to project. Engage User directorate for invoices, SCM for contracts/procurement documents). Request and engage suppliers paid for documents. Capture the transaction on financial system based on source documents obtained.  CFO review bank reconciliations on time and ensure reconciling items are cleared within a month	Clearing 18/19 items: 15 April 2020  Reconciliations; 20 <sup>th</sup> of every month
<b>VAT Receivable</b>	VAT incorrectly accounted for. [ISS. 197]		Address financial system challenges with service	15 February 2020

Qualification Matter – 30 June 2019			Action to address finding	Date of completion
Financial statement item	Finding	Responsible Unit		
	VAT amount included as part of expenditure. [284]	Financial Management Services	<p>provider/ developer by 15 Feb 2020</p> <p>Perform bank (statement transaction) and cash book reasonability comparison (monthly)</p> <p>Perform monthly vat reconciliations (accrual basis)</p>	<p>Monthly by the 20<sup>th</sup> (effective Jan 2020)</p> <p>Monthly by the 20<sup>th</sup> (effective Jan 2020)</p>
Payables from exchange transactions	Payables not complete [ISS. 15]	Financial Management Services & Revenue	<p>Register invoices at reception (from service provider) and CFO's office (from user department) before submission to creditors for processing on system</p> <p>Perform monthly creditor's reconciliations (All projects and contracted suppliers)</p> <p>Electronic filling of payment vouchers (Scan documents)</p> <p>Clear all unallocated deposits through monthly bank reconciliations processes</p> <p>Scan all bank statement pages for unallocated deposits and properly referenced the receipt/deposit)</p> <p>Prepare interim AFS, 3<sup>rd</sup> quarter AFS and Draft AFS (with all supporting registers and schedules). Time review of the AFS</p> <p>Investigate all creditors journals process and attach supporting documents</p>	<p>30 January 2020</p> <p>30 Jan 2020 (monthly)</p> <p>15 Feb 2020 Interim AFS</p> <p>15 May 2020 – Quarter AFS Draft AFS – 31 July 2020</p>
	Invoice incorrectly recorded in payables register. [ISS.294]			
	Trade Payables: Differences between register and Annual Financial Statements. [ISS. 50]			
	Payments in advance: Information received in Request for information 37 is not sufficient. Limitation. [ISS. 181]			
	Retentions: Difference between register and Annual Financial Statements: Limitation Sundry deposit: No list submitted. [ISS. 25]			
	Unallocated deposit misclassification [ISS. 191]			
	Overstatement of unallocated deposits [ISS. 192]			
	Unallocated deposit limitation [ISS. 225]			
	Unallocated deposits: Differences between the amount disclosed as per Annual Financial Statements and the registers [ISS.186]			



Qualification Matter – 30 June 2019			Action to address finding	Date of completion
Financial statement item	Finding	Responsible Unit		
	Other creditors: Difference between the register and Annual Financial Statements note 22 [ISS. 50]		(Invoices, bank statements, etc)	
	Other creditors: Information not submitted for Request for information 37 [ISS.247]			
	No supporting documents for journals. [ISS. 248]			
	No supporting documents for journals. [ISS. 249]			
	Other creditors: Information not submitted [ISS. 254]			
	Grants not spent in line with the grant framework. [ISS. 245]. Limitations			
<b>Grant Revenue and unspent grant</b>	Limitations on bill of quantities for the RRT project. [ISS. 106]	Roads and Transport & Financial Control	<ul style="list-style-type: none"> <li>Perform monthly reconciliation between the grants register, grants returns, general ledger and invoices.</li> <li>Ensure that grant expenditure is in line with DORA conditions prior to revenue recognition.</li> <li>Internal independent review (IA) of RRT project implementation (Budget, framework review, physical verification, expenditure against contract, bills of quantities). Address gaps by correcting journals with supporting documentation</li> </ul>	31 May 2020
	Grants not spent in line with the grant framework. [ISS. 245]. Limitations			

Qualification Matter – 30 June 2019			Action to address finding	Date of completion
Financial statement item	Finding	Responsible Unit		
<b>Contracted Services and General expenses</b>	Unable to confirm services rendered in terms of expenditure for fleet management: UPS. [ISS. 200]	Financial Management Services, Supply Chain Management and Fleet	Through current investigation process of UPS, gather all necessary documents through attorneys from service provider to support all payments and outstanding payments.  Capture and update the general ledger with correcting journals as per supporting documents	15 April 2020
	Files not submitted. [ISS.23]			
<b>Employee Costs</b>	Overtime: Information not submitted. [ISS. 43]	Financial Management Services & Human Resources	All overtime payments supported by memo from directorate, supporting registers and pre approval forms for MM approval. Review overtime calculation and contributions on system. CFO sign offs. (ensure correct inputs)  Prepare interim AFS, 3 <sup>rd</sup> quarter AFS and Draft AFS (with all supporting registers and schedules). Time review of the AFS  Investigate and resolve discrepancies between two systems (Allowances)	25 Jan 2020 and monthly  15 May 2020 – Quarter AFS Draft AFS – 31 July 2020  25 Jan 2020 and monthly
	Allowances: Information not submitted. [ISS. 235]			
	Basic salary: Information not submitted and verification of employees. [ISS. 122]			
	Difference between payroll and Annual Financial Statements. [ISS. 273]			
	Contributions information not available. [ISS. 256]			
	Overtime: Incorrectly calculated and paid. [ISS. 27]			
	Allowances: Incorrectly calculated and paid. [ISS. 235]			
<b>Commitments</b>	Incorrect valuation of commitments at 30 June 2019 resulting in an overstatement. [ISS. 166 and ISS. 10]	Supply Chain Management	<ul style="list-style-type: none"> <li>Review the total population of the commitments register. Redesign payment processes to ensure payments can easily be linked to projects/contract</li> </ul>	30 June 2020
	Limitation on testing prior year balance due to a significant difference			

Qualification Matter – 30 June 2019			Action to address finding	Date of completion
Financial statement item	Finding	Responsible Unit		
	between the commitment register and the Annual Financial Statements balance. [ISS. 10]		(avoid batch supplier payments). <ul style="list-style-type: none"> <li>Commitment Register will be updated on a monthly basis.</li> <li>Variation order register will be kept to date to ensure that all variation orders are accounted for on the commitment register</li> </ul>	
	Commitments not complete as various ongoing capital projects could not be traced to the commitment register. [ISS. 165]			
<b>Irregular Expenditure</b>	Irregular expenditure not complete. [ISS. 153]	Supply Chain Management	<ul style="list-style-type: none"> <li>Review the total population of the irregular expenditure register. Test all municipal contracts/Tenders against National Treasury guidance to determine whether irregular or not. (Records review, filing, recording or irregular and consequence management)</li> <li>Irregular expenditure register will be prepared on a monthly basis.</li> <li>Review of all AGSA findings and recommendations will be implemented (Where irregular was identified during the year, it will be disclosed)</li> </ul>	30 June 2020
	Irregular expenditure register limitation. [ISS. 212]			
	Irregular expenditure UPS payments. [ISS. 200]			
<b>Compliance with legislation</b>	The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of the	Municipal Manager / Chief Financial Officer	<ul style="list-style-type: none"> <li>Thorough review of all business processes. Implementation of audit action plan, year-end plan and</li> </ul>	31 May 2020

Qualification Matter – 30 June 2019			Action to address finding	Date of completion
Financial statement item	Finding	Responsible Unit		
	MFMA as material misstatements were identified.		appointment of service provider to address reporting deficiencies.	
	Annual performance objectives and indicators were not established for Rustenburg Water Services Trust or included in multi-year business plan.		<ul style="list-style-type: none"> <li>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.</li> </ul>	
	Money owed by the municipality was not always paid within 30 days.			
	Sufficient appropriate audit evidence could not be obtained that all contracts and quotations were awarded in accordance with the legislative requirements.		<ul style="list-style-type: none"> <li>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</li> </ul>	
	Sufficient appropriate audit evidence could not be obtained that the performance of some of the contractors or providers was monitored on a monthly basis.			
<b>Emphasis of matters</b>	As disclosed in the financial statements, fruitless & wasteful expenditure and unauthorised expenditure was incurred in the current year. Fruitless & wasteful expenditure and unauthorised expenditure in respect of prior years have not yet been dealt with in accordance with section 32 of the MFMA.	Municipal Manager / Chief Financial Officer	<ul style="list-style-type: none"> <li>Investigate all reported fruitless &amp; wasteful and unauthorised expenditure and report to council and MPAC. All matter that requires disciplinary will be referred to Municipal disciplinary board to investigate accordingly.</li> <li>Continue to monitor reporting on service delivery groups in order to attend to leakages as efficiently as possible. The municipality is implementing water</li> </ul>	31 July 2020
	As disclosed in the financial statements, material water			

Qualification Matter – 30 June 2019			Action to address finding	Date of completion
Financial statement item	Finding	Responsible Unit		
	losses were incurred as a result of water lost through the distribution process.		conservation and water demand management programme and performing data analysis on the billing data to identify areas not billed using the Infrastructure Management Query system (IMQS) and those areas are billed immediately	
<b>Annual Performance report</b>	Various reported achievements in the annual performance report were not consistent with the planned and reported targets.	Strategy and Planning	<ul style="list-style-type: none"> <li>Quarterly reports will be verified by Internal audit against POEs and POEs filed for year-end reporting.</li> <li>Mid-year assessment process will be used for reassessment of indicators and targets. Ensure all indicators are in line with the SMART principle.</li> <li>Engage Internal Audit and other external stakeholders to review year-end report with POE prior submission to AGSA.</li> </ul>	30 June 2020
	Various reported achievements in the annual performance report did not agree to the supporting evidence that was submitted.			
	Measures taken to improve performance for various indicators were not disclosed in the annual performance report.			

## **6.3 ANNUAL PERFORMANCE OF THE RUSTENBURG WATER SERVICES TRUST**

### **RUSTENBURG WATER SERVICES TRUST**



### **ANNUAL PERFORMANCE EVALUATION 1 JULY 2018 TO 30 JUNE 2019**

1. Terms Of Reference
2. Executive Summary
3. Introduction
4. Plant Operator
5. Business Plan
6. Performance Information and Management System
7. Performance Management
8. Performance Measurement
9. Performance Verification
10. Rustenburg Sewage Treatment Plant
11. Boitekong Sewage Treatment Plant
12. Lethabong Sewage Treatment Plant
13. Monakato Sewage Treatment Plant
14. Conclusion - Waste Water Treatment Plants
15. Bospoort Water Purification Plant
16. Kloof Water Purification Plant
17. Conclusion - Water Treatment Plants
18. Current Projects
19. Financial Performance

# **PERFORMANCE REPORT FOR RUSTENBURG LOCAL MUNICIPALITY ON THE RUSTENBURG WATER SERVICES TRUST FOR THE PERIOD 1 JULY 2018 TO 30 JUNE 2019.**

## **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 2018 to 30 June 2019. 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
- To provide potable water to the Rustenburg Local Municipality in accordance with the Water Supply Agreement
- To Supply treated water to the industrial off-takers in terms of the Off-Take Agreement.

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. EXECUTIVE SUMMARY

This report outlines the compliance, availability and production of the following water and sewerage purification plants which are currently managed by the Rustenburg Water Services Trust (RWST) on behalf of the Rustenburg Local Municipality (RLM) for the 12 months period from 01 July 2018 to 30 June 2019:

### Section A: Sewerage Treatment Plants

#### **Rustenburg Sewage Treatment Works**

Year	Plant Compliance	Availability of M&E equipment	Plant capacity	Average Production
2017/2018	95.75%	To be implemented from July 2019	42 Mℓ/d	34.5 Mℓ/d
2018/2019	94.75%	To be implemented from July 2019	42 Mℓ/d	40.2 Mℓ/d

(Refer to section 10 for the detailed report).

#### **Boitekong Sewage Treatment Works**

Year	Plant Compliance	Availability of M&E equipment	Plant capacity	Average Production
2017/2018	82%	To be implemented from July 2019	8 Mℓ/d	9.9 Mℓ/d
2018/2019	85%	To be implemented from July 2019	8 Mℓ/d	5.4 Mℓ/d

(Refer to section 11 for the detailed report).

#### **Monakato Sewage Treatment Works**

Year	Plant Compliance	Availability of M&E equipment	Plant capacity	Average Production
2017/2018	48%	To be implemented from July 2019	1,0 Mℓ/d	1.48 Mℓ/d
2018/2019	47%	To be implemented from July 2019	1,0 Mℓ/d	1.86 Mℓ/d

(Refer to section 13 for the detailed report).

#### Comments on low compliance percentage:

Plant not designed to perform in accordance with license conditions. Contractor appointed to implement some improvements on the plant.

#### **Lethabong Sewage Treatment Works**

Year	Plant Compliance	Availability of M&E equipment	Plant capacity	Average Production
2017/2018	74%	To be implemented from July 2019	2 Mℓ/d	6.56 Mℓ/d
2018/2019	83.4%	To be implemented from July 2019	2 Mℓ/d	1.64 Mℓ/d

(Refer to section 12 for the detailed report).

### Section B: Water Purification Plants

**Bospoort Water Treatment Work**

Year	Plant Compliance	Availability of M&E equipment	Plant capacity	Average Production
2017/2018	92.9%	To be implemented from July 2019	12 Mℓ/d	10.9 Mℓ/d
2018/2019	98.3%	To be implemented from July 2019	12 Mℓ/d	10.70 Mℓ/d

(Refer to section 15 for the detailed report).

**Kloof Water Treatment Works**

Year	Plant Compliance	Availability of M&E equipment	Plant capacity	Average Production
2017/2018	97.6%	To be implemented from July 2019	2 Mℓ/d	3.56 Mℓ/d
2018/2019	98.9%	To be implemented from July 2019	2 Mℓ/d	5.52 Mℓ/d

(Refer to section 16 for the detailed report).

**Compliance Legend:**

	100%
	66% - 99%
	65% - 33%
	0 - 32%

### 3. 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.

#### **4. 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.

#### **5. 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.

#### **6. 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.

#### **7. 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.

#### **8. 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.

<b>determinant</b>	<b>Performance standard</b>	<b>Performance achieved</b>	<b>Compliance June 2018</b>	<b>Compliance June 2019</b>
Meter readings	Daily meter readings at the same time every day at all plants	100%	Compliant	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	Compliant
Date	Monthly reports to be submitted by the 7 <sup>th</sup> business day of the following month	<b><u>2017/2018</u></b>  07 August 2017 - 07 July 2018	100% Compliant	100% Compliant
		<b><u>2018/2019</u></b>  07 August 2017 - 07 July 2018		

**Table 1: Performance measurement against generic performance indicators**

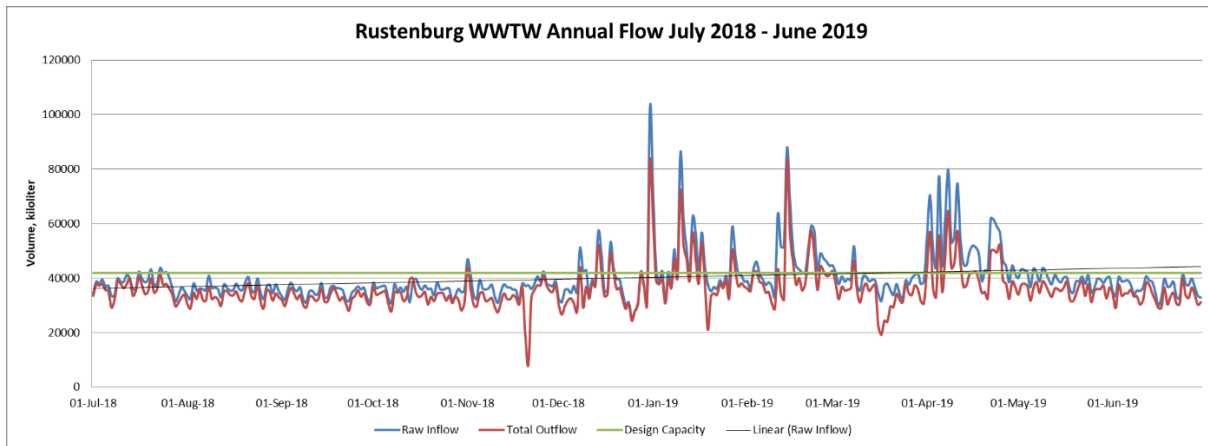
## **9. PERFORMANCE VERIFICATION**

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 (OBJ 4 &5)

### 10. RUSTENBURG SEWAGE TREATMENT PLANT

The Rustenburg Sewage Treatment Plant has a design capacity of 42 Mℓ/d consisting of a 30 Mℓ/d 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 2018 was 40, 2 Mℓ per day, which is more than the 36 Mℓ of the preceding 12 months. There were days when the flow reached lows of 25, 3 Mℓ per day. The highest daily flow, recorded on 30 June 2019, was 86, 1 Mℓ, which is more than double the design capacity.

## Effluent Quality

### DWS Standards

The effluent standards that must be achieved are the stricter of the standards agreed with the mines, or the DWS license conditions on this plant. All the water treated must comply with the DWS standards as below:

- 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 2018 to 30 June 2019 with respect to the DWS standards.

Determinant	Performance standard	Previous Performance 01 July 2017 - 30 June 2018		Current Performance 01 July 2018 - 30 June 2019	
		Performance achieved	Compliance %	Performance achieved	Compliance %
• pH	• 6.5 - 8.5	• 7.58 - 8.01	100%	• 7.04 - 7.85	100%
• Elec. Conductivity	• <150mS/m	• 72.8 - 97,3 mS/m	100%	• 84.9 - 116.0 mS/m	100%
• COD	• < 75 mg/l	• 15 - 46 mg/l	100%	• 15 - 53 mg/l	100%
• Ammonia	• <1 mg/l	• 0.16 - 6.1 mg/l	100%	• 0.16 - 10.50 mg/l	58%
• Nitrate	• < 6 mg/l	• 1.10 - 5.6 mg/l	100%	• 1.10 - 4.14 mg/l	100%
• Suspended Solids	• < 10 mg/l	• 2 - 3 mg/l	100%	• 2 - 2 mg/l	100%
• E-coli	• < 0/100ml	• 0 - 1/100ml	91%	• 0 - 301/100ml	83%
• Free Chlorine	• < 0.2 mg/l	• 0.1 - 0.4 mg/l	75%	• 0.02 - 0.20 mg/l	100%
OVERALL COMPLIANCE			95.75%		94.75%

Table 2: Quality Measurement at Rustenburg Sewage Treatment Plant (DWS Standards)

## Effluent Quality (Anglo Platinum standards)

In terms of the *Off-Take Agreement* with the Anglo Platinum the 15 Ml/d treated effluent supplied is further treated in the dissolved air flotation (DAF) unit to meet the following standards:

**Table 3 Anglo Platinum Quality Standards**

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 <sub>4</sub>	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

As per the *Off-Take Agreement* between the RWST and Anglo it is required that the plant should aim to supply water within the *required* parameters and these are monitored on a daily basis. Notifications are sent out should the values exceed the maximum levels. Should the values exceed the reject limits, supply is interrupted until the quality can be restored to within the limits.

The following parameter are NOT controllable by the DAF process but, are measured as they may have an impact on the processes at Anglo should they parameters be exceeded and thus need to be reported on. pH, Alkalinity, TDS, Na. Na is not measured.

Table 4 below gives an indication of the performance of the DAF plant during the period under review, 01 July 2018 to 30 June 2019, and includes the performance of the previous period.



**Table 4 Quality Measurement at Rustenburg Sewage Treatment Plant (Anglo Standards)**

Determinant	Performance standard	Previous Performance period 01 July 2017 - 30 June 2018		Current Performance period 01 July 2018 - 30 June 2019	
		Performance achieved	Compliance %	Performance achieved	Compliance %
pH	7.5 - 7.8 pH-Units	<b>Plant performance not measured, reason being that the DAF was not fully operational during 01 July 2017 to 30 June 2018 performance reporting period.</b>		7.28 - 7.94 pH-Units	72% <sup>1</sup>
TOC	< 15 mg/ℓ			4.72 - 11.60 mg/ℓ	100%
COD	50 mg/ℓ			10 – 113 mg/ℓ	100%
TSS	< 5 mg/ℓ			1.0 – 62 mg/ℓ	83%
Alkalinity	<150 mg/ℓ			78 – 282 mg/ℓ	48% <sup>1</sup>
Ammonia	2 mg/ℓ			0.06 -31.6 mg/ℓ	74%
Nitrate	5 mg/ℓ			0.1 - 9.6 mg/ℓ	81%
O-Phosphate	< 5 mg/ℓ			0.3 - 24.6g/ℓ	100%
Fats	< 3 mg/ℓ			0.50 - 2.42 mg/ℓ	100%
TDS	650 mg/ℓ			303 – 817 mg/ℓ	42% <sup>1</sup>
Ca	0 - 350 mg/ℓ			30.4 – 44 mg/ℓ	100% <sup>1</sup>
Mg	0 - 75 mg/ℓ			21.3 – 31 mg/ℓ	100% <sup>1</sup>
Na	0 -150 mg/ℓ			Not Measured	<sup>1</sup>
SO <sub>4</sub>	0 – 200 mg/ℓ			82.3 - 101 mg/ℓ	100% <sup>1</sup>
Cl	0 – 450 mg/ℓ			0.02 - .8 mg/ℓ	100%
Turbidity	0 - 10 NTU			0.44 - 25.40 NTU	100%
E. coli	0 CFU/100mℓ			0 - 301CFU/100mℓ	62%
Flow (Average)	15Mℓ/d (Min)			1.600 - 20.004 Mℓ/d (16.25) Mℓ/d	100% <sup>2</sup>
OVERALL COMPLIANCY					85.1%

Notes

1 The current plant is not equipped to make adjustments to these parameters.

2 Average flow is currently not in the Business Plan but will be included in the future. .

## Design and Construct

No construction work was carried out during the review period.

## Performance Review

The plant performance is much the same as in the previous 12 months in respect of compliancy.

## 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 industrial effluent discharged into the sewer system is monitored on a regular basis at Rainbow Chickens.
3. The quality of inflow in the plant is monitored daily.

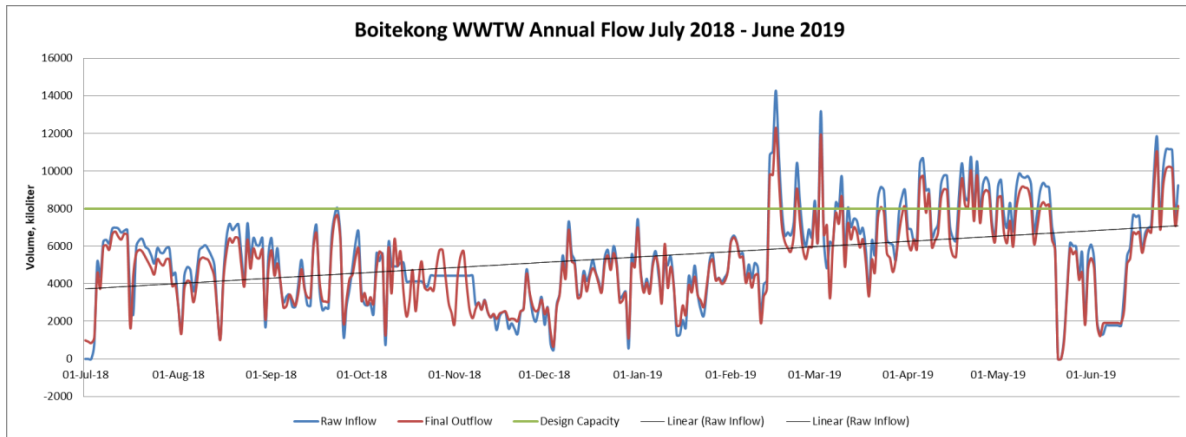
## Challenges outside Operator Control

The daily inflow into the plant at times exceeds the design capacity. Augmentation of the plant needs to be included in the Municipal master plan.

## 11. 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 2018 to 31 June 2019. The average flow was of 8.0 Mℓ/d. This is drastically lower than

the average of 14.8 ML/d that was experienced during July and September 2017. Blockages in the outfall sewer system are 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. Despite of these constraints, the Operator was able to maintain a good quality effluent by careful control of the process. Table 5 below gives an indication of the performance of the plant during the period under review, 1 July 2018 to 30 June 2019.

Determinant	Performance standard	Previous Performance 01 July 2017 - 30 June 2018		Current Performance 01 July 2018 - 30 June 2019	
		Performance achieved	Compliance %	Performance achieved	Compliance %
• pH	• 6.5 - 8.5	7.38 - 8.17	100%	• 6.52 - 7.91	100%
• Elec. Conductivity	• <150mS/m	92 - 147 mS/m	100%	• 88 - 115 mS/m	100%
• COD	• < 75 mg/l	15 - 91 mg/l	92%	• 15 - 39 mg/l	100%
• Ammonia	• <1 mg/l	0.16 - 25.7 mg/l	58%	• 0.16 - 1.27 mg/l	92%
• Nitrate	• < 15 mg/l	< 1.1 - 4.79 mg/l	100%	• 2.82 - 19.80 mg/l	92%
• Suspended Solids	• < 25 mg/l	< 2 - 19 mg/l	100%	• 2 - 2 mg/l	100%
• Faecal Coliform	• < 0/100ml	0 - 2/100ml	83%	• 0 - 201/100ml	83%
• Free Chlorine	• < 0.25 mg/l	0.24 - 0.34 mg/l	16.6%	• 0.20 - 0.35 mg/l	25%
• Ortho-Phosphate	• < 1.0 mg/l	0.5 - 2.49 mg/l	92%	• 0.50 - 8.05 mg/l	83%
OVERALL COMPLIANCE			82%		85%

Table 5: Quality Measurement at Boitekong Sewage Treatment Plant

### Performance Review

The plant's performance was better than in the previous year as far as compliancy is concerned, and it performed better with regard to the extent of non-compliancy. 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 is negligible 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

A specialist company was temporarily appointed in 2017 to attend to the blockages on the Freedom Park outfall sewer which are particularly severe and the increase in flows to the plant was significant with flows averaging more than 15 Ml/day. Their services were terminated as from Jan 2018 due to failure of the Municipality to assist with a budgetary commitment. Low inflow are again experienced.

Construction has commenced to extend the plant from 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 started in 2015. The civil work was completed in January 2017. Due to financial constraints the Mechanical & Electrical contractor was not able to complete the works and this led to the appointment of a completion Contractor in August 2018, and is expected to be complete the works by September 2019.

## Challenges outside Operator Control

The only reliable means to ensure a consistent inflow into the plant is to get a Sewer Cleaning Management Plan in place, to fund and appoint contractors to implement the plan so that blockages are attended to on a sustained basis. The Trust can assist with this once a budgetary commitment is made by RLM.

## 12. 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 4.9 MI per day. This value appeared unrealistically high and the flowmeter was recalibrated thereafter, it was also after heavy rainfall and is also indicative of subsurface infiltration into pipe joints and manhole joints. The average production value is 1.64MI/day.

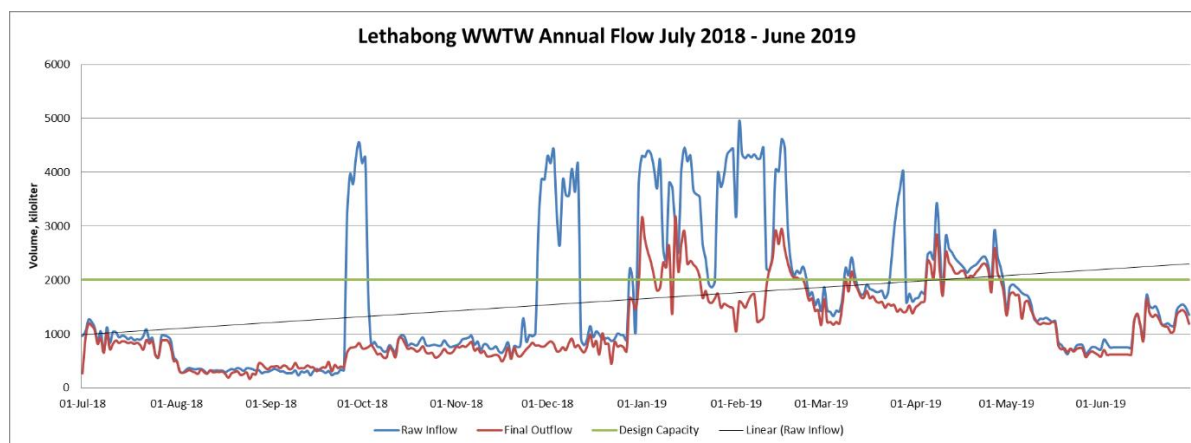


Table 6 below reflects the performance of the Lethabong Sewerage Purification Works, for the 12 month period under review. These values are not very reliable due to the fact that a lot of the incoming flow was either clear water or rainwater.

Determinant	Performance standard	Previous Performance 01 July 2017 - 30 June 2018		Current Performance 01 July 2018 - 30 June 2019	
		Performance achieved	Compliance %	Performance achieved	Compliance %
• pH	• 6.5 - 8.5	• 7.79 - 8.99	83%	• 7.52 - 8.54	92%
• Elec. Conductivity	• <150mS/m	• < 32 - 130 mS/m	100%	• 99 - 140 mS/m	100%
• COD	• < 75 mg/l	• < 15 - 80 mg/l	92%	• 15 - 15 mg/l	100%
• Ammonia	• <1 mg/l	• < 0.16 - 16.4 mg/l	58%	• 0.16 - 0.32 mg/l	100%
• Nitrate	• < 15 mg/l	• 1.1 - 18.3 mg/l	83%	• 7.4 - 16.3 mg/l	92%
• Suspended Solids	• < 25 mg/l	• <2.5 mg/l	100%	• 2 - 2 mg/l	100%
• Faecal Coliform	• < 0/100ml	• 0 - 30/100ml	92%	• 0 - 1/100ml	92%
• Free Chlorine	• < 0.25 mg/l	• 0.22 - 2.01 mg/l	33%	• 0.22 - 0.42 mg/l	33%
• Ortho-Phosphate	• < 1.0 mg/l	• 0.5 - 2.6 mg/l	25%	• 0.5 - 1.69 mg/l	42%
OVERALL COMPLIANCE			74%		83.4%

**Table 6: Quality Measurement at Lethabong Sewage Treatment Plant 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.

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 need 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.

## 13. 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 1861 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.

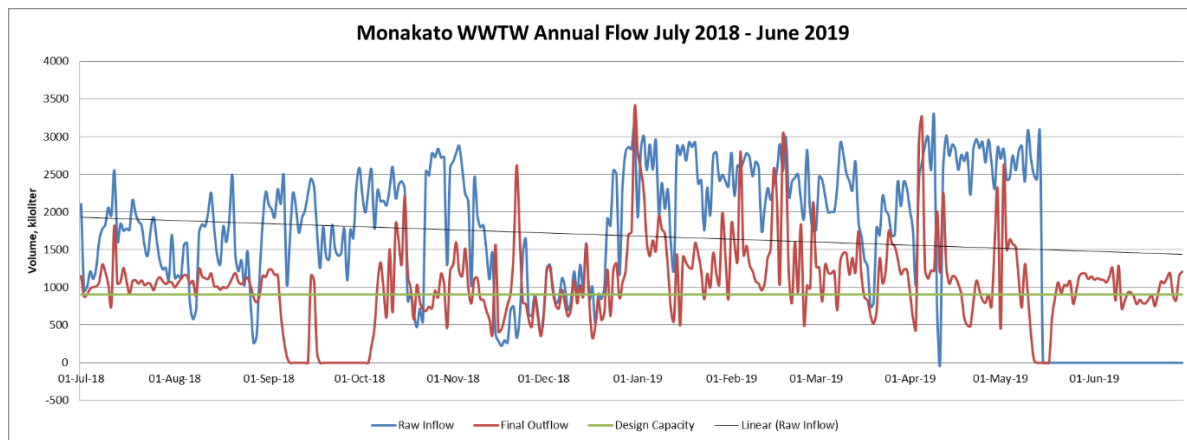


Table 7 below summarizes performance of the Monakato Sewage Purification Works, during the period under review.

Determinant	Performance standard	Previous Performance 01 July 2017 - 30 June 2018		Current Performance 01 July 2018 - 30 June 2019	
		Performance achieved	Compliance %	Performance achieved	Compliance %
• pH	• 6.5 - 8.5	• 7.38 - 8.46	100%	• 7.43 - 8.32	100%
• Elec. Conductivity	• <150mS/m	• 95 - 179 mS/m	92%	• 105 - 152 mS/m	92%
• COD	• < 75 mg/l	• 105 - 262 mg/l	Non-Compliant	• 91 - 314 mg/l	Non-Compliant
• Ammonia	• <1 mg/l	• 0.16 - 25.4 mg/l	8%	• 11.50 - 40.30 mg/l	Non-Compliant
• Nitrate	• < 15 mg/l	• 0.5 - 1.13 mg/l	100%	• 1.10 - 3.32 mg/l	100%
• Suspended Solids	• < 25 mg/l	• 12 - 142 mg/l	25%	• 2 - 78 mg/l	42%
• Faecal Coliform	• < 0/100ml	• 0 - 2001/100ml	92%	• 0 - 990/100ml	83%
• Free Chlorine	• < 0.25 mg/l	• 0.24 - 0.32 mg/l	8%	• 0.23 - 0.40 mg/l	8%
• Ortho-Phosphate	• < 1.0 mg/l	• 0.5 - 4.0 mg/l	8%	• 1.96 - 5.60 mg/l	Non-Compliant
OVERALL COMPLIANCE			48%		47%

Table 7: Quality Measurement at Monakato Sewage Treatment Plant

### Performance Review

The performance of the plant was 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 and Contractor for the upgrading of the plant.

The upgrading of the inlet works and modification to the sludge ponds were completed beginning of 2019. Numerous snag items still to be completed e.g. inlet flow meter.

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.

#### 14. CONCLUSION - WASTE WATER TREATMENT PLANTS

The plants have performed relatively well during the 12 month period 1 July 2018 to 30 June 2019, 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 load shedding in August 2018 and March 2019, there has been no significant power failures during the 12 month period and this has a beneficial effect on the performance of the plants.

**Process Failure:** Still occurs. At times 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 (OBJ 4)

The Rustenburg Water Services Trust is to provide potable water to Rustenburg Local Municipality in accordance with the *Water Supply Agreement*. Potable Water is supplied from the Bospoort Water Treatment Plant and The Kloof Water Treatment Plant. The performance of the plants are discussed below.

### 15. 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. Average production is 10.70Ml/day. It is expected that the civil work will be completed in Feb 2020. The work has however been delayed due to the fact that the Mechanical and Electrical tender appointment has been put on hold, for legal investigations into the tender process.

The table 8 below indicates the previous reporting template used for reporting purposes during the 2017/2018 reporting period:

Key performance indicator	Target	Performance 30 June 2018
Production from the plant must be equal to design capacity of 12 Ml/d	Production be at least 90% of the design capacity (10.8 Ml/d)	The average daily production over the relevant 12 months was 10.9 Ml/d (101%).
Water Quality to comply with SANS 241	100% Compliance	Nearly 98% compliance was achieved, which is the same as the previous year.

**Table 8: Quality Measurement at Bospoort Water Purification Plant**

With reference to the performance of the Bospoort Water Purification Works, during the period under review, this is indicated in Table 9 below.

Determinant	Performance standard (SANS 241)	Previous Performance 01 July 2017 - 30 June 2018		Current Performance period 01 July 2018 - 30 June 2019	
		Performance achieved	Compliance %	Performance achieved	Compliance %
Colour Pt-Co	• <15	10 – 10	100%	10 - 10	100%
Treated Conductivity	• <170mS/m	100 – 126mS/m	100%	128 - 159 mS/m	100%
TDS	<1200 mg/l	682 – 868 mg/l	100%	870 - 1094 mg/l	100%
pH (pH units)	>5.0 <9.7	7.5 – 7.81	100%	7.57 - 7.80	100%
Turbidity NTU	<1	0.24 – 0.7	100%	0.22 - 0.68	100%
Calcium (mg/l)	<150 mg/l	20 – 188	8.3%	74.8 - 218.0 mg/l	92%
Faecal Coliform	• <0 cfu/100ml	0 - 0	100%	0 - 1 cfu/100ml	92%
Chloride (mg/l)	<300 mg/l	134 - 227 mg/l	100%	221 - 268 mg/l	100%
Fluoride (mg/l)	• <1.5 mg/l	0.1 – 0.1mg/l	100%	0.10 - 0.23 mg/l	100%
Magnesium (mg/l)	• <70 mg/l	4 – 37.9 mg/l	100%	35.0 - 51.50 mg/l	100%
Sulphate (mg/l)	• <250 mg/l	130 – 163 mg/l	100%	120 - 190 mg/l	100%
Heterotrophic Plate Count cfu/1ml	• <1000 cfu/1ml	0 – 453 cfu/1ml	100%	0 - 1001 cfu/1ml	92%
Total Coliform cfu/1ml	• <10 cfu/1ml	0 – 21 cfu/1ml	92%	0 - 4 cfu/1ml	100%
Free Chlorine (mg/l)	• <5 mg/l	1.23 – 1.85 mg/l	100%	1.22 - 1.70 mg/l	100%

<b>OVERALL COMPLIANCY:</b>		<b>92.9%</b>		<b>98.3%</b>
<b>PLANT CAPACITY = 12 Mℓ/d: PRODUCTION PERFORMANCE TARGET =90% of plant capacity</b>				
<b>Production target = 10.8 Mℓ/d</b>		<b>Average production = 10.7 Mℓ/d</b>		<b>99%</b>
<b>1. Comments per determinant</b> <ul style="list-style-type: none"> <li>• Colour Pt-Co: Compliant</li> <li>• Treated Conductivity: Compliant</li> <li>• TDS: Compliant</li> <li>• pH: Compliant</li> <li>• Turbidity NTU: Compliant</li> <li>• Calcium: 92%</li> <li>• E-coli: Compliant</li> <li>• Free Chlorine: Compliant</li>   <li>• Chloride: Compliant</li> <li>• Fluoride: Compliant</li> <li>• Magnesium: Compliant</li> <li>• Sulphate: Compliant</li> <li>• Heterotrophic Plate Count: Compliant</li> <li>• Total Coliform: Compliant</li> </ul>				<b>Production performance</b>  Plant production is stopped by power failures, full reservoirs and pipe breaks. These are all outside of the control of the Operators.

**Table 9: Quality Measurement at Bospoort Water Purification Plant**

## Performance Review

There were plant stoppages to the total of 802.16 hours during this period, which is one of the reasons the plant did not reach its production target. Some of the hours lost were as a result of power failures, and some were planned shut-downs for maintenance and repairs on the pipeline.

Poor quality of the source water is another reason for the plant's failure to reach 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.

Bospoort plant had to be stopped at times during this period due to the fact that the Booster reservoir was full. 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 during this review period. 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 and urgent 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.

## 16. 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. Average production is at 552KI/day.

The table 10 below indicates the previous reporting template used for reporting purposes during the 2017/2018 reporting period:

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 KI/day, which is a 36% increase on the production of the previous years production of 260 KI/day.
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.

Table 10: Quality Measurement at Bospoort Water Purification Plant

Performance of the Kloof Water Purification Works, during the period under review is indicated in Table 11 below.

Determinant	Performance standard (SANS 241)	Performance achieved	Compliance %	Current Performance period 01 July 2018 - 30 June 2019	
				Performance achieved	Compliance %
Colour Pt-Co	• <15	10 – 11.5	100%	10 - 11	100%
Treated Conductivity (mS/m)	• <170mS/m	8.86 – 13.6mS/m	100%	8.75 - 17.70 mSm	100%
TDS	• <1200 mg/l	62 – 95 mg/l	100%	61.25 - 124.00 mg/l	100%
pH	• >5.0 <9.7 pH Units	7.06 – 7.24	100%	6.94 - 7.69 pH Units	100%
Turbidity NTU	• <1 mg/l	0.18 – 1.86	83%	0.31 - 1.04 mg/l	92%
Calcium (mg/l)	• <150 mg/l	9.79 – 19.96	100%	4.91 - 13.20 mg/l	100%
Faecal Coliform	• <0 ml	0 - 0	100%	0 - 0 ml	100%
Chloride (mg/l)	• <300 mg/l	8.05 – 21.81 mg/l	100%	8.56 - 24.92 mg/l	100%
Fluoride (mg/l)	• <1.5 mg/l	0.1 – 0.32 mg/l	100%	0.10 - 0.13 mg/l	100%
Magnesium (mg/l)	• <70 mg/l	2.92 – 4.12 mg/l	100%	2.89 - 6.27 mg/l	100%
Sulphate (mg/l)	• <250 mg/l	1 – 3.78 mg/l	100%	3.29 - 12.90 mg/l	100%
Heterotrophic Plate Count cfu/100ml	• <1000 cfu/1ml	0 – 9 cfu/1ml	100%	0 - 18 cfu/1ml	100%
Total Coliform	• <10 cfu/1ml	0 – 16 cfu/1ml	83%	0 - 22 cfu/1ml	92%
Free Chlorine (mg/l)	• <5 mg/l	0.2 - .72mg/l	100%	0.08 - 0.73 mg/l	100%
<b>OVERALL COMPLIANCY:</b>			<b>97.5%</b>		<b>98.9%</b>
<b>PLANT CAPACITY = 2 Ml/d. PRODUCTION PERFORMANCE TARGET = 90% of plant capacity</b>					
<b>Production target = 1.8 Ml/d</b>		<b>Average production = 0.552 Ml/d</b>			<b>27.6</b>
<b>1. Comments per determinant</b> <ul style="list-style-type: none"> <li>• Colour Pt-Co: Compliant</li> <li>• Treated Conductivity: Compliant</li> <li>• TDS: Compliant</li> <li>• pH: Compliant</li> <li>• Turbidity NTU: 92% Compliant</li> <li>• Calcium: Compliant</li> <li>• E-coli: Compliant</li> <li>• Free Chlorine: Compliant</li> <li>• Chloride: Compliant</li> <li>• Fluoride: Compliant</li> <li>• Magnesium: Compliant</li> <li>• Sulphate: Compliant</li> <li>• Heterotrophic Plate Count: 92% Compliant</li> <li>• Total Coliform: Compliant</li> </ul>		<b>Production performance</b>  Plant production is stopped by power failures, full reservoirs and low availability of water from Kloof Dam. These are all outside of the control of the Operators.			

Table 11: Quality Measurement at Kloof Water Purification Plant

## Performance Review

The dam feeding the Kloof Treatment Plant ran empty during October 2015 and there has been no water since then 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 significant difference.

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 entire 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.

## **17. 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 of 1 July 2018 to 30 June 2019.

## **18. CURRENT PROJECTS**

RWST has appointed Rustenburg Consulting Consortium (RCC) to assist with the implementation of the construction projects.

### **18.1 Boitekong Waste Water Treatment Plant.**

The construction work on the upgrading of the plant from 8ML/d to 22 ML/d commenced in 2015. The work was divided into a Civil component and a Mechanical and Electrical (M&E) component.

The Civil component was completed, on time and within budget, in February 2017. Due to financial difficulty experienced by the M&E contractor, the completion of this component was delayed and is expected to be completed by the end of 2019.

RCC is overseeing the project and managing the expenditure, progress and quality.

### **18.2 Monakato Waste Water Treatment Plant.**

Rustenburg Local Municipality is managing the completion of a project for some upgrading of the Monakato WWTP.

### **18.3 Bospoort Water Treatment Plant.**

The construction work on the upgrading of the plant from 12ML/d to 24 ML/d commenced in 2017. The work was divided into a Civil component and a Mechanical and Electrical (M&E) component. The Civil component of the work was to be completed in January 2019. Delays, mainly due to Community unrest has resulted in a revised completion date of March 2020.

RCC is overseeing the project and managing the expenditure, progress and quality.

The M&E component of the work has been stalled due to a delay in the procurements process resulting in the contract of the appointed M&E contractor being cancelled.

### **18.4 Bospoort pipeline and reservoir.**

Approval of the amended MIG application is expected by September 2019 where after implementation will be actioned In line with approved funding.

## **19 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 we achieved 4.33 times including cash and excluding cash we achieved 2.17 times in June 2019. What this means is the trust is in a healthy financial position and earnings is 2.17 times higher than the annual commitments.



## Report of the auditor-general to the North West provincial legislature and the council on 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 356 to 376, which comprise the statement of financial position as at 30 June 2019, and the statement of comprehensive income, statement of changes in equity, cash flow statement and 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 2019, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (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 this auditor's report.
4. I am independent of the entity in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants*, parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA codes) 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 codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Material uncertainty relating to going concern

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. As disclosed in note 23 to the financial statements, the Rustenburg Local Municipality has failed to honour the conditions of a repayment agreement entered into between the trust and the parent municipality. As stated in note 23, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern.

#### 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.

## Unaudited supplementary schedules

10. The supplementary information set out on page 431 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 financial statements

11. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the 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.
12. In preparing the financial statements, the accounting officer is responsible for assessing the Rustenburg Water Services Trust'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

13. 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.
14. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

### Introduction and scope

15. 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 the selected objective presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
16. 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.
17. 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 objective presented in the annual performance report of the entity for the year ended 30 June 2019:



Objective	Pages in the annual performance report
Objective 5 - Supply treated water to the industrial water off-takers in terms of the Off Take agreements	352

18. 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.
19. The material findings in respect of the usefulness and reliability of the selected objective are as follows:

## **Objective 5 – Supply treated water to the industrial water off-takers in terms of the Off Take agreements**

### **Various indicators**

20. I was unable to obtain sufficient appropriate audit evidence for the reported achievements of the below indicators relating to the Rustenburg Sewage Treatment Plant (Anglo Standards). This was due a lack of underlying information to support the reported information. I was unable to confirm the reported achievements by alternative means. In addition, the planned targets for these indicators were not specific in clearly identifying the required level of performance. Consequently, I was unable to determine whether any adjustments were required to the reported achievements in the annual performance report of these indicators:

Indicator description	Planned target	Reported achievement	
COD	50 mg/l	10 - 113 mg/l	100%
TDS	650 mg/l	303 - 817 mg/l	42%

### **Various indicators**

21. The planned targets for the following indicators relating to the Rustenburg Sewage Treatment Plant (Anglo Standards) were not specific in clearly identifying the required level of performance:

Indicator description	Planned target
Ammonia	2 mg/l
Nitrate	5 mg/l
Na	0 - 150 mg/l

### **O-phosphate (Rustenburg Sewage Treatment Plant: Anglo Standards)**

22. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of 0.3 - 24.6 g/l as well as the compliance rate of 100% reported in the annual performance report. This was due a lack of underlying information to support the reported information. 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 0.3 - 24.6 g/l as well as the compliance rate of 100% as reported in the annual performance report.

### **Flow (Average) (Rustenburg Sewerage Treatment Plant: Anglo Standards)**

23. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of 1.600 - 20.004 MI/d, (16.25) MI/d as well as the compliance rate of 100% reported in the annual performance report. This was due to this indicator and target 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 this indicator as reported in the annual performance report.

## **Other matters**

24. I draw attention to the matters below.

### **Achievement of planned targets**

25. Refer to the annual performance report on pages 325 to 349 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 23 of this report.

### **Adjustment of material misstatements**

26. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Objective 5 - Supply treated water to the industrial water off-takers in terms of the Off Take agreements. As management subsequently corrected only some of the misstatements, I reported material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

## **Report on audit of compliance with legislation**

### **Introduction and scope**

27. 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.
28. The material findings on compliance with specific matters in key legislation are as follows:

### **Financial statements**

29. 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 disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

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

30. The annual performance objectives and indicators were not established by agreement with the parent municipality, as required by section 93B(a) of the MSA.

### **Procurement and contract management**

31. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(a) and (c).

## **Other information**

32. 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 those selected objectives presented in the annual performance report that have been specifically reported on in this auditor's report.

33. 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.
34. 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 objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
35. 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

36. 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 municipal entity has an effective system of internal controls. However, slow response by the accounting officer to address prior year findings, resulted in repeat findings on predetermined objectives as well as compliance with legislation. In addition, records management can be improved to ensure that sufficient and appropriate audit evidence is available to support the actual results as reported in the annual performance report.

*Auditor - General*  
Rustenburg

29 November 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 financial statements, and the procedures performed on reported performance information for selected objectives and on the entity’s compliance with respect to the selected subject matters.

### **Financial statements**

2. 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**

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.



## **ANNUAL FINANCIAL STATEMENTS**

**30 JUNE 2019**

# Rustenburg Water Services Trust

**FINANCIAL STATEMENTS**  
For the year ended 30 June 2019



## TRUST INFORMATION

TRUST REFERENCE NUMBER : IT 6155/03

### TRUSTEES

Date of appointment      Date of retirement

TJ Ehlers - active	1 Dec 2009	
OG Khutsoane - expired	6 June 2013	31 Aug 2018
D Sedumedi - expired	1 Aug 2014	31 Aug 2018
T Mathonsi - expired	1 Aug 2014	31 Aug 2018
Rafat Khan - deceased	6 June 2013	Deceased

TRUST ADMINISTRATOR      Batseta Holdings

REGISTERED OFFICE      Missionary Mpheni House  
Cnr Nelson Mandela and Beyers Naude Drive  
Rustenburg  
0300

POSTAL ADDRESS      Rustenburg Water Service Trust  
Post net Suite 4490  
Private bag X 82323  
Rustenburg  
0300

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

BANKERS      ABSA Business Bank  
91 Church Street  
Klerksdorp  
5271

## CONTENTS

PAGE

Report of the Independent Auditors	3 - 4
Trustees' Report	5 - 6
Statement of Financial Position	7
Statement of Comprehensive Income	8
Statement of Comparison of Actual vs Budget	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Accounting Policies	12 - 15
Notes to the Financial Statements	16 - 22
Appendices - Analysis of PPE	23

**TRUSTEES' REPORT**  
**For the year ended 30 June 2019**

The trustees present their annual report of the Trust, for the year ended 30 June 2019.

**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**

	2019 R	2018 R
Revenue	183 719 053	176 991 504
Operating surplus	73 060 423	82 385 697
Net surplus for the period	69 730 088	74 758 803
 Total assets	 899 481 324	 858 677 186
Total liabilities	106 741 906	135 492 780

**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 at the Master of the High Court. Their term expired and RLM are in the process of replacing them.

**30-Jun-19**

Rafat Khan RLM - deceased  
 Obakeng Khutsoane RLM - expired  
 Daisy Sedumedi RLM - expired  
 Torrence Mathonsi RLM - expired  
 Theuns Ehlers ABSA - active

**30-Jun-18**

Rafat Khan (deceased)  
 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, however the users attention is drawn to note 23 in this regard.



## Rustenburg Water Services Trust



### TRUSTEES' REPORT (Continued) For the year ended 30 June 2019

#### 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 2019 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. This contract was found to be irregular by the AG and remedial actions was issued by the AG to the municipal manager during the audit of RLM's 30 June 2018 Annual Financial Statements. There is a lost opportunity cost in this regard.

#### 12 Subsequent events - going concern

The attention of the users of the financial statements are drawn to the fact that an agreement between the Trust and RLM was reached on 2 July 2019 whereby RLM committed to pay the long outstanding debtors to the amount of R 156 million over a period of 36 months and to keep our invoices on 30 days. RLM failed to honour this agreement. The ability of RLM to honour the agreement impacts on the ability of the Trust to operate as a going concern. RLM gave further commitment to pay but they are struggling to honour the commitment.

The financial statements were accepted by the Accounting Officer on 30 Aug 19 and are duly signed:

  
ADMINISTRATOR



# Rustenburg Water Services Trust

## STATEMENT OF FINANCIAL POSITION At 30 June 2019



	NOTES	2019 R	2018 R
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Long term liabilities	5	56 595 175	87 971 520
<b>Current liabilities</b>			
Trade and other payables (exchange transactions)	8	18 108 775	19 299 240
Short Term Portion of Liabilities	5	31 396 027	27 806 584
VAT payable		841 929	415 436
		<u>50 146 731</u>	<u>47 521 260</u>
<b>Total Liabilities</b>		<u>106 741 906</u>	<u>135 492 780</u>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Lease Hold Improvements	3	605 185 117	591 259 530
Financial assets	6	104 517 632	-
		<u>709 702 749</u>	<u>591 259 530</u>
<b>Current assets</b>			
Trade receivables (exchange transactions)	6	88 786 987	146 019 231
Trade receivables (non-exchange transactions)	6	12 235 123	8 136 256
Cash and cash equivalents	7	86 776 485	113 262 167
		<u>189 778 575</u>	<u>267 417 656</u>
<b>Total Assets</b>		<u>899 481 324</u>	<u>858 677 186</u>
<b>NET ASSETS</b>			
Statutory funds		1 000	1 000
Revaluation Surplus		266 137 556	268 339 022
Distributable reserves	4	526 600 862	456 844 384
<b>TOTAL NET ASSETS</b>		<u>792 739 418</u>	<u>723 184 406</u>

# Rustenburg Water Services Trust



## STATEMENT OF COMPREHENSIVE INCOME For the year ended 30 June 2019

	2019 R	2018 R
<b>REVENUE - From exchange transactions</b>		
Sales - water	183 719 053	176 991 504
<b>COST OF SALES</b>		
Rustenburg WWTW	44 284 601	40 565 736
Boitekong WWTW	6 683 906	9 829 141
Bospoort WTW	15 212 836	14 255 690
Kloof WTW	1 632 881	1 686 510
Monakato WWTW	1 007 406	947 158
Lethabong WWTW	2 531 407	2 463 751
Effluent monitoring	829 082	798 655
<b>Operator overheads</b>		
Day works and provisional sums	860 824	810 978
Management and general staff	4 687 815	4 360 781
	<b>77 730 770</b>	<b>75 718 400</b>
<b>GROSS MARGIN</b>	<b>105 988 283</b>	<b>101 273 104</b>
	58%	57%
<b>OTHER INCOME - From exchange transactions</b>		
Tender documents	-	177 059
Profit on disposal of fixed assets	9 791	-
	<b>9 791</b>	<b>177 059</b>
<b>OTHER INCOME - From non-exchange transactions</b>		
MIG grant funding	22 265 288	35 980 874
Recovery of EOH expenses	-	180
	<b>22 265 288</b>	<b>35 981 054</b>
	<b>128 263 362.00</b>	<b>137 431 217.00</b>
<b>EXPENSES</b>		
Administrator's Remuneration	2 283 782	2 347 268
Auditors Remuneration	709 681	498 575
Bank charges	12 063	8 068
Consulting fees	-	171 048
Depreciation	38 674 109	36 854 785
Insurance	836 210	794 432
Impairment loss	340 116	160 350
Legal Fees	181 683	136 209
O & M Supervision	2 203 545	2 496 980
Repairs	9 757 357	10 180 721
Trustees Remuneration	-	303 425
GRAP compliance	-	918 557
DWS Compliance	194 393	175 104
	<b>55 202 939</b>	<b>55 045 520</b>
<b>Surplus from operations</b>	<b>73 060 423</b>	<b>82 385 697</b>
<b>Finance costs</b>		
Interest received (from non exchange transactions)	10 435 071	9 338 753
Interest paid (from non exchange transactions)	(13 765 406)	(16 965 647)
	<b>69 730 088</b>	<b>74 758 803</b>

# Rustenburg Water Services Trust



## STATEMENT OF COMPARISON OF ACTUAL VS BUDGET For the year ended 30 June 2019

	Actual 2019 R	Budget 2019 R	% Variance 2019 R	
<b>REVENUE</b>				
Sales: RLM	119 642 764	121 043 776	-1.16%	Acceptable
Sales: Mines	64 076 289	64 094 068	-0.03%	Acceptable
<b>TOTAL REVENUE</b>	<b>183 719 053</b>	<b>185 137 844</b>		
<b>COST OF SALES</b>	<b>77 730 770</b>	<b>81 756 607</b>	<b>4.93%</b>	Acceptable, saving
<b>GROSS MARGIN</b>	<b>105 988 283</b>	<b>103 379 237</b>		
<b>OTHER INCOME</b>				
Profit on disposal of fixed assets	9 791	-		Not budgeted for
MIG grant funding	22 265 288	-		Refer CAPEX
	<b>22 275 079</b>	<b>-</b>		
<b>EXPENSES</b>	<b>Actual</b>	<b>Budget</b>		
Administrator's remuneration	2 293 782	2 560 064	10.40%	Acceptable, saving
Auditors Remuneration	709 681	709 681	0.00%	Acceptable
Bank charges	12 063	12 619	4.41%	Acceptable
Consulting and Ad Hoc services	0	3 000 000	100.00%	Budget to be adjusted
Depreciation	38 674 109	38 602 034	-0.19%	Acceptable
Impairment loss	340 116	-		No budget amount
DWS Compliance	194 393	-		Budget to be adjusted
Insurance	836 210	830 693	-0.66%	Acceptable
Legal Fees	181 683	250 000	27.33%	Acceptable, saving
Repairs	9 757 357	12 504 544	21.97%	Saving, budget adj
Trustees Remuneration	-	303 425	100.00%	New trustee: in process
O&M Supervision	2 203 545	2 554 786	13.75%	Acceptable, saving
Leasing Charges	239 518	271 493	11.76%	Budget to be adjusted
	<b>55 442 457</b>	<b>61 599 339</b>		
<b>Surplus from operations</b>	<b>72 820 905</b>	<b>41 779 898</b>		
<b>Finance costs - net</b>				
Interest received	10 435 071	11 011 119	-5.23%	Budget to be adjusted
Interest paid	(13 525 886)	(13 519 798)	-0.05%	Acceptable
<b>Surplus for the period</b>	<b>69 730 086</b>	<b>39 271 219</b>		
<b>DSCR:</b>				
EBIT & Depreciation	89 229 726	80 381 932		
Reserves	88 776 465	88 776 465		
Bank repayments	41 146 403	41 146 403		
<b>Including reserves</b>	<b>4.33</b>	<b>4.11</b>		
<b>Excluding reserves</b>	<b>2.17</b>	<b>1.95</b>		

# Rustenburg Water Services Trust



## STATEMENT OF CHANGES IN EQUITY For the year ended 30 June 2019

	Note	Statutory funds R	Retained Earnings R	Revaluation Surplus R	Total R
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			85 502 931		85 502 931
Impairment adjustment for the year				(546 934)	(546 934)
Revaluation surplus transferred			20 018	(20 018)	-
Balance at 30 June 2016		1 000	284 038 318	120 535 601	404 574 919
Surplus for the year			98 668 445		98 668 445
Impairment adjustment for the year				(1 715 197)	(1 715 197)
Distribution to beneficiary			(650 000)		(650 000)
Revaluation surplus transferred			13 857	(13 857)	-
2017 Revaluation surplus for the year				147 676 158	147 676 158
Balance at 30 June 2017		1 000	382 070 620	266 482 705	648 554 325
Surplus for the year			74 758 803		74 758 803
Impairment adjustment for the year				(128 724)	(128 724)
Revaluation surplus transferred			14 960	(14 960)	-
Balance at 30 June 2018		1 000	456 844 383	266 339 021	723 184 404
Surplus for the year			69 730 088		69 730 088
Impairment adjustment for the year	18			(175 075)	(175 075)
Revaluation surplus transferred			26 390	(26 390)	-
Balance at 30 June 2019		1 000	526 600 862	266 137 555	792 739 417

# Rustenburg Water Services Trust



## STATEMENT OF CASH FLOWS For the year ended 30 June 2019

	NOTES	2019 R	2018 R
<b>Cash flows from operating activities</b>			
Cash receipts from operating activities		154 820 088	153 240 245
Cash paid to suppliers		96 993 071	96 566 295
Cash generated from operations	10	57 827 017	56 673 950
Interest paid		(13 765 408)	(16 965 647)
Interest received		10 435 071	9 338 753
<b>Net cash flow from operating activities</b>		<b>54 296 682</b>	<b>49 047 056</b>
<b>Cash flows from investing activities</b>			
Proceeds on disposal of property, plant and equipment		9 791	-
Acquisition of property, plant and equipment		(51 005 272)	(28 739 299)
<b>Net cash flow from investing activities</b>		<b>(50 995 481)</b>	<b>(28 739 299)</b>
<b>Cash flow from financing activities</b>			
Long term Liabilities	5	(27 786 902)	(24 567 329)
<b>Net cash flow from financing activities</b>		<b>(27 786 902)</b>	<b>(24 567 329)</b>
Net decrease in cash and cash equivalents		(24 485 701)	(2 259 572)
Cash and cash equivalents at beginning of year		113 262 168	115 521 739
<b>Cash and Cash equivalents at end of year</b>	7	<b>88 776 467</b>	<b>113 262 168</b>

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

**1 BASIS OF PREPARATION**

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

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

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

GRAP 32, Service Concession Arrangements: Grantor

GRAP 108, Statutory Receivables

GRAP 20, Related Party Disclosures (Revised)

**2 TRADE RECEIVABLES**

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

**3 TRADE PAYABLES**

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

**4 CASH AND CASH EQUIVALENTS**

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

**5 BORROWINGS AND BORROWING COST**

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



## 6 LEASEHOLD IMPROVEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 7 REVALUATION AND IMPAIRMENT

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

**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 as asset) are received (in the case of a liability) for it. Cash flows relating to current receivables are generally not discounted, unless significant.

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

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

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



**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. In this regard please refer to note 23 on subsequent events.

**13 ROUNDING**

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

**14 EVENTS AFTER YEAR END**

Refer to note 23.

# Rustenburg Water Services Trust

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2019



### 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.

### 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	2019 Accumulated depreciation and impairment	Carrying value	Cost / Valuation	2018 Accumulated depreciation and impairment	Carrying value
Land & Buildings	38 629 891	(13 733 769)	24 896 122	35 238 350	(12 878 051)	22 360 299
Plant & Equipment	977 107 864	(588 504 136)	378 603 727	930 116 922	(561 956 214)	368 160 708
Moveable's	1 700 259	(1 585 433)	104 826	1 721 005	(1 253 045)	467 961
Work in Progress	201 580 440	-	201 580 440	200 270 561	-	200 270 561
<b>Total</b>	<b>1 219 018 454</b>	<b>-613 833 339</b>	<b>605 185 115</b>	<b>1 167 346 838</b>	<b>-576 087 310</b>	<b>591 259 529</b>

## Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions / Asset Allocations	Disposals / Asset Allocations	Depreciation and impairment	Carrying value
Land & Buildings	22 360 299	70 841	3 343 231	(878 249)	24 896 122
Plant & Equipment	368 160 708	1 831 466	46 697 897	(38 086 344)	378 603 727
Moveable's	467 961	-	-	(363 135)	104 826
Work in Progress	200 270 561	51 351 007	(50 041 128)	-	201 580 440
<b>Total</b>	<b>591 259 529</b>	<b>53 253 315</b>	<b>-</b>	<b>(39 327 728)</b>	<b>605 185 115</b>

## 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
Work in Progress	169 137 635	31 132 926	-	-	200 270 561
<b>Total</b>	<b>597 164 017</b>	<b>31 645 838</b>	<b>-</b>	<b>(37 550 326)</b>	<b>591 259 529</b>

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

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

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

WIP to the value of R 48,584,894 on the expansion of the Bospoort Water Treatment Works consist of civil work. Following the civil work the mechanical and electrical work will follow. The expansion project completion is significantly delayed. The reason for the time delay is slow progress on the procurement process of the mechanical and electrical contract.

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

# Rustenburg Water Services Trust

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
For the year ended 30 June 2019



	2019 R	2018 R
<b>4 DISTRIBUTABLE RESERVES</b>		
At beginning of year	456 844 384	382 070 620
Profit for the year	89 730 088	74 758 803
	526 574 472	456 829 423
Revaluation reserve transferred	26 390	14 961
Balance at end of year	526 600 862	456 844 384
<b>5 LONG TERM LIABILITIES</b>		
<b>Non-current</b>		
<b>5.1 Bank borrowings</b>		
ABSA Bank Limited	85 940 864	113 561 380
The loan is secured by:		
• a general notarial bond over the movable assets of the Trust with a carrying value of	104 826	467 961
• 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	(31 189 960)	(27 640 198)
	54 750 904	85 921 182
<b>5.2 Finance lease liabilities</b>		
Rustenburg Local Municipality	2 050 338	2 216 724
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	(206 067)	(166 388)
	56 595 175	87 971 520
<b>5.2.1 Reconciliation of future minimum lease payments to the present value of future minimum lease payments.</b>		
Future minimum lease payments	2 899 434	3 305 338
Not later than 1 year	426 228	405 904
Later than 1 year and not later than 5 years	1 929 111	1 837 188
Later than 5 years	544 095	1 062 246
Interest	(849 096)	(1 088 614)
Present value of future minimum lease payments	2 050 338	2 216 724
Not later than 1 year	206 067	166 388
Later than 1 year and not later than 5 years	1 342 147	1 121 023
Later than 5 years	502 124	929 315



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
For the year ended 30 June 2019

	2019 R	2018 R
<b>6 TRADE AND OTHER RECEIVABLES (from exchange transactions)</b>		
Debtors' ageing		
Current	20 477 021	20 548 350
30 days	15 920 682	17 187 048
60 days	12 121 153	12 753 715
90 days +	144 719 424	95 491 501
	193 238 279	145 980 613
Insurance - Prepayments	46 340	38 617
	193 284 619	146 019 230
Transferred to non-current financial assets	-104 517 632	-
	<b>88 766 987</b>	<b>146 019 230</b>

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

**TRADE AND OTHER RECEIVABLES (from non-exchange transactions)**

Debtors' ageing		
Current	3 990 681	3 610 137
30 days	1 132 191	-
60 days	2 617 505	-
90 days +	4 524 747	4 526 121
	<b>12 235 123</b>	<b>8 136 258</b>

**7 CASH AND CASH EQUIVALENTS**

	2019 Balances		2018 Balances	
	Opening	Closing	Opening	Closing
ABSA Bank Limited				
Distribution Reserve Account	5 257 311	52 430	2 403 727	5 257 311
Distribution Call Account	17 949 779	47 689	29 250 180	17 949 779
Contingency Reserve Account - Current	6 890	6 180	14 759 327	6 890
Industrial Reserve account - Current	498	539	2 988 306	498
Debt Service Reserve Account - Current	34 762	34 846	66 120 189	34 762
Contingency Reserve Account - Investment	15 840 720	9 006 050	-	15 840 720
Industrial Reserve account - Investment	3 207 189	3 443 127	-	3 207 189
Debt Service Reserve Account - Investment	70 985 018	76 185 594	-	70 985 018
	<b>113 262 167</b>	<b>88 776 465</b>	<b>115 521 739</b>	<b>113 262 167</b>

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	<b>88 776 465</b>	<b>113 262 167</b>
----------------	-------------------	--------------------

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	<b>18 108 775</b>	<b>19 299 240</b>
----------------	-------------------	-------------------

**9 FINANCE COSTS - NET**

Interest received		
Current Account	10 435 071	9 338 753
Interest paid		
Current and Long Term Loans	(13 525 888)	(16 710 724)
Finance Lease	(239 518)	(254 923)
	<b>(3 330 335)</b>	<b>(7 626 894)</b>

# Rustenburg Water Services Trust



## NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 30 June 2019

	2019 R	2018 R
<b>10 CASH GENERATED FROM OPERATIONS</b>		
Surplus before tax	69 730 088	74 758 803
Adjustments for:		
Interest paid	13 785 406	16 965 647
Interest received	(10 435 071)	(9 338 753)
Depreciation	38 674 109	36 854 785
Net loss on disposal of fixed assets	-9 791	-
Impairment	340 116	568 817
	112 064 857	119 807 299
Changes in working capital		
Trade and other receivables	(51 364 253)	(59 909 372)
Payables	(3 073 587)	(3 223 977)
Cash generated from operations	57 627 017	56 673 950

## 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.

### 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.

	2019 R	2018 R	
<b>Financial Instruments at amortised cost</b>			
Finance lease liability - Rustenburg Local Municipality	2 050 338	2 216 724	Exposed to interest rate risk
Long-term liabilities - Bank borrowings	85 940 864	113 561 380	Exposed to interest rate risk
<b>Financial Instruments at fair value</b>			
Cash resources	88 776 465	113 262 167	Exposed to liquidity risk
Trade receivables	205 519 742	154 155 488	Exposed to credit risk
Trade and other payables	18 108 775	19 299 240	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.

	2019	2018
Water Sales to RLM	119 599 764	119 294 267
Accounts Receivable - Water Sales	(181 488 279)	(132 312 403)
EOH Recovery to RLM	129 843	2 336 902
Accounts Receivable - EOH	(2 172 656)	(2 664 068)
MIG Grant Funding	22 265 288	35 980 874
Accounts Receivable - MIG	(10 062 467)	(5 472 190)
Finance Lease Liabilities	2 050 338	2 216 724
Interest paid - Finance Lease	(239 518)	(254 923)

## Rustenburg Water Services Trust

### NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 30 June 2019



RELATED PARTY TRANSACTIONS (Continued)		2019	2018
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	10 435 071	9 338 753
	Bank Charges	(12 083)	(8 068)
	Interest paid on term loan	(13 525 888)	(16 710 724)
	Term Loan	85 940 864	113 561 380
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 Kutsokane	-	87 009
	Daisy Sedumedi	-	113 550
	Torrence Mathonsi	-	102 868
		-	303 425
14	<b>COMPARRISON TO BUDGET</b>		
	The actual performance is compared to the budget and is included on the Statement of Comparison of Actual vs Budget.		
15	<b>IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE</b>		
	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. This contract was found to be irregular by the AG and remedial actions was issued by the AG to the municipal manager during the audit of RLM's 30 June 2018 Annual Financial Statements. There is a lost opportunity cost in this regard.		
16	<b>COMMITMENTS</b>		
	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 / Lektratek	18 695 458	46 379 097
	Ultimate Dynamics	7 644 558	26 941 648
	Ecoleges	69 465	478 731
	RCC	5 471 717	12 274 072
17	<b>INTERGOVERNMENTAL ALLOCATIONS</b>		
	The net amount of VAT paid over to the South African Revenue Services	5 715 068	7 871 253
18	<b>IMPAIRMENT</b>	Recognised in net assets	Recognised in surplus / deficit
	Land & Buildings	387	8 760
	Plant & Equipment	173 871	330 855
	Moveable's	817	701
		175 075	340 116

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.

**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 2018/17 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**

During the financial year we deviated from competitive bidding when DupWest Incorporated was appointed for legal work. We required an immediate interdict from the High Court against unlawful community protest action and used the emergency clause 12.22(2) in the SCM policy of the Trust.

**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. The legal team of RLM was instructed by the municipal manager at the time to terminate contract 2017/02.

**22 CONTINGENT ASSET**

The Rustenburg Water Services Trust awarded a tender to Alula Water in 2016 for the upgrading and expansion of the Boitekong Waste Water Treatment Works. Alula indicated in 2018 that they do not have the necessary skills and financial backing to complete their contractual commitments. In terms of the Alula contract, the Trust have an estimated claim of R 11,792,619 against Alula (excluding Vat).

**23 SUBSEQUENT EVENTS - GOING CONCERN**

The attention of the users of the financial statements are drawn to the fact that an agreement between the Trust and RLM was reached on 2 July 2019 whereby RLM committed to pay the long outstanding debtors to the amount of R 156 million over a period of 36 months and to keep our invoices on 30 days. RLM failed to honour this agreement. The ability of RLM to honour the agreement impacts on the ability of the Trust to operate as a going concern. RLM gave further commitment to pay but they are struggling to honour the commitment.



# Rustenburg Water Services Trust

APPENDICES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2019



## ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

### INFRASTRUCTURE ASSETS

	CAPITAL PROJECTS (WIP) R	Water purification works R	Sewerage purification works R	Total R
<b>2019</b>				
Cost/ Revaluation	201 580 440	304 695 691	712 742 323	1 219 018 454
Accumulated Depreciation	-	(245 404 541)	(368 428 798)	(613 833 339)
Net Book Amount	201 580 440	59 291 151	344 313 524	605 185 115
<b>2018</b>				
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

## **RWST – 30 June 2019 - AUDIT IMPROVEMENT PLAN**

- A: Matters affecting the audit report. Items 1 – 6
- B: Other important matters. Items 7 – 15
- C: Administrative matters. Items 16

### **SECTION A: Matters affecting the audit report. Items 1 – 6**

**Item 1:** (p19 of management report)

ISS.5-COF 3: AoPO - Inconsistency between Business Plan and Annual Performance

#### Report

Point1: The measuring of average flow volume to Anglo was measured as a deliverable and reported as such in the APO. The minimum volume is a condition in the Off Take Agreement between RWST and Anglo. It was part of the agreement as well as performance plan, but measuring of the average flow was not in the Business plan as a measurable item.

This inconsistency is mentioned in the auditors report and they put a limitation on testing of this volume indicator, questioning the “usefulness or reliability”. ?? Flow volume is measured on a daily basis and monthly invoices are prepared to both mines, based on the delivered volume. Audit evidence in this regard is simple to obtain.

Action required: Business plan to be amended. The required mine volumes to be stated as part of the deliverables in the business plan.

Action by: Trust Administrator + the Engineer

Action by when: By next Board meeting.

Point 2:

The sodium (Na) standard is indicated on the Off-Take Agreement, but it is not tested, as the plant can not influence the levels of sodium. For this reason, sodium is not tested.

Action required: The business plan of RWST to exclude Sodium as a determinant, supported by a comfort letter from the mines.

Action by: Trust Administrator to amend the business plan and the Engineer to obtain the letter from the mines.

Action by when: By next Board meeting.

**Item 2:** (p21 of management report)

**2. ISS.8- COF 3: AoPO - Overall presentation of the Annual Performance Report (APR)**

- 1) Ammonia, Nitrate, COD, Flow rate and TDS: The AG found that the target rate was not specific. The following signs should accompany the Business Plan as well as the APR: ><=
- 2) APR targets and performance achieved: Ortho-phosphate and total plate count - Item removed from the finding
- 3) Compliance % - None reported
- 4) Table 4: Note 1: Item removed from the finding

Action required:

The following signs to be included in the Business Plan as well as the APR: ><=

Action by: Engineer

Action by when: Next Board meeting

**Item 3:** (p23 of management report)

**3. ISS.15- COF 7: AOPO - Reliability Testing**

- 1) TDS, COD and Ortho Phosphate: the Lab Results entered into the spreadsheet could not be supported by Lab Certificates for the selected sample.
- 2) pH, Alkalinity, TSS , Ammonia and Nitrate – lab certificates are accurate, but the % compliance calculation is incorrect.

Action required:

- 1) Diligence is required to keep the lab result certificates available for audit purposes.
- 2) Adjustment was made to the % compliance calculation. No action required

Action by: Engineer

Action by when: Throughout the year.

**Item 4:** (p25 of management report)

4. ISS.12- COF 7: Compliance - AFS material misstatements

- Disclosure - Cash-flow statement correction.
- Disclosure - Note to the AFS dealing with commitments, to be corrected

No journals were required.

Action required:

- None – Corrected the disclosure of Cash-flow Statement
- None – Corrected the disclosure of note dealing with commitments

Action by: Trust Administrator

Action by when: 30 June 2020

**Item 5:** (p25 of management report)

5. ISS.20- COF 7: Compliance - Strategic planning and performance

- Performance agreement not signed by RLM.

Action required:

- None - Performance agreement was handed over to be signed by RLM in June 2019.

Action by: RLM + TA

Action by when: Follow up - January 2020

**Item 6:** (p26 of management report)

6. ISS.17- COF 6: SCM – Non-compliance with SCM regulations

- SCM - Three quotations – expenditure < R 200 000.

Action required: Trustees to consider to go out on a competitive tender if expenses are going to exceed R 200,000 per annum on legal fees.

Action by: Trust Administrator & Trustees

Action by when: Next Board Meeting

## **SECTION B: Other important matters. Items 7 – 15**

**Item 7:** (p29 of management report)

### **7. ISS.13-COF 4: Statement of Cash Flow misstatements**

- Disclosure - Cash-flow statement correction.  
No journal entries were required

Action required: None – Corrected the disclosure of the Cash-flow Statement

Action by: Trust Administrator

Action by when: 30 June 2020

**Item 8:** (p30 of management report)

### **8. ISS.7-COF 3: Financial Instruments Note - Inconsistencies within the Policy & GRAP**

- Accounting policy disclosure note. GRAP 104.17.

Action required:

The RWST to disclose as part of its accounting policy, “the criteria used to make a designation of their financial instruments at fair value, in its accounting policy”

Action by: Trust Administrator

Action by when: Done

**Item 9:** (p34 of management report)

### **9. ISS.24-COF 10: Leasehold improvements - Errors identified in depreciation write-off**

- Items not in use and kept as critical spares are not depreciated. In terms of GRAP 17.68

Action required: Depreciated to be calculated on items kept as critical spares.

Action by: Trust Administrator

Action by when: 30 June 2020

**Item 10:** (p36 of management report)

10. ISS.21-COF 10: Leasehold Improvements - Existence verification difficulties

Issue 1: Finding was resolved

Issue 2&3: Missing bar codes – Assets were positively identified through elaborate descriptions on the asset register

Issue 4: Issue resolved

Action required: Re-barcoding of missing bar codes on the asset register. Bar codes are 15 years old and are exposed to direct sunlight.

Action by: Trust Administrator

Action by when: January 2020 to June 2020

**Item 11:** (p41 of management report)

11. ISS.23-COF 10: Leasehold improvements - Impairment accounting policy is not a fair representation

- Impairment can only be recognised if an event of impairment occurred. The 2017 revaluation of each asset stands for 5 years. Depreciation is recognised for the interim years and reduces the carrying value until the next revaluation date. The plant operators reports events (such as power hikes and power dips) and as such, the affected assets are removed from operation. This will trigger an event of impairment.

Action required: Trust to consider accounting policy amendment to align the wording to the practical application.

Action by: Trust Administrator & Board

Action by when: Next Board meeting

**Item 12:** (p42 of management report)

12. ISS.11-COF 5: Compliance - Testing Expenditure and Cost of sales

- 2 contractors were paid on 60 days and 54 days respectively

Action required: Payment within 30 days, subject to queries being sorted out in time.

Action by: Trust Administrator

Action by when: December 2020

**Item 13:** (p43 of management report)

13. ISS.6-COF 3: AoPO - Incompleteness of relevant indicators/ targets\_ISS.6

- Addressing all the Trust Deed Objectives.

Action required: The objectives per the Trust Deed should all be covered in the Performance Assessment as well as in the Business Plan. The signed Performance plan with RLM already developed, addresses this concern.

Action by: Engineer + Trust Administrator

Action by when: Next Board meeting

**Item 14:** (p45 of management report)

14. ISS.2-COF 1: Internal Control - Fraud Prevention Plan not yet implemented (Still in draft)

Draft Fraud prevention plan to be implemented

Action required: Approval of the Fraud prevention plan by the Board

Action by: Trust Administrator + The Board of Trustees

Action by when: Next Board meeting

**Item 15:** (p46 of management report)

15. ISS.4-COF 2: Approval of annual budget

Late approval of the 2019/20 Budget

Action required: Approval of budget to be obtained 30 days prior to the start of the financial year.

Action by: Trust Administrator

Action by when: 31 May 2020

**SECTION C: Administrative matters**

**Item 16:**

16. ISS.1-COF 2: Pre-engagement activities information - Limitation of scope\_  
Audit finding

Internal Audit Function: Minutes of meetings to be stored safely by the RWST

Action required: Safe recordkeeping of minutes of the Audit committee

Action by: Trust Administrator

Action by when: Ongoing

**MR P MAAS**

On behalf of

**RUSTENBURG WATER SERVICES**



## 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.

### COUNCIL

P = PRESENT

X = ABSENT

LA = LEAVE OF ABSENCE

OM = ORDINARY MEETING

SP = SPECIAL MEETING

NON-MEMBER

D = DECEASED

	OM	SP	OM	SP	OM	SP	SP	OM	SP	SP	SP	OM	OM
COUNCILLO R	2018/ 07/31	2018/ 09/18	2018/ 09/25	2018/ 10/26	2018/ 11/27	2019/ 02/18	2019/ 02/27	2019/ 03/26	2019/ 04/05	2019/ 05/14	2019/ 05/24	2019/ 05/28	2019/ 06/25
ClIr Babe N B	P	P	P	P	P	P	P	P	P	P	P	P	P
ClIr Bothomane P	P	P	P	P	P	P	P	P	P	P	P	P	P
ClIr Chauke O	LA	LA	LA	LA	P	P	LA	P	LA	LA	P	P	LA
ClIr Coetzee M	P	P	P	LA	P	LA	P	P	P	P	LA	X	LA
ClIr Damoyi M	P	P	P	P	P	P	X	P	P	P	P	P	LA
ClIr Du Plessis G	P	LA	P	P	P	P	P	P	P	LA	LA	P	P
ClIr Edwards I	P	LA	P	P	P	P	P	P	P	P	P	P	P
ClIr Fetmani E M	X	P	LA	P	P	X	P	X	P	P	P	P	P
ClIr Gegula D	P	P	P	P	P	P	P	P	P	P	P	P	P
ClIr Habi S	P	P	P	P	P	P	P	P	P	P	P	P	P
ClIr Jikeka P	X	P	LA	P	P	X	P	P	P	P	P	P	LA
ClIr Jongela S	P	P	P	P	P	P	P	P	LA	P	P	P	P
ClIr Kgaladi P	P	P	P	P	P	P	P	P	P	P	P	P	P
ClIr Khunou M	P	P	P	P	P	P	P	P	P	P	P	P	P
ClIr Kombe O J	P	P	P	X	P	LA	P	P	P	P	P	P	P
ClIr Kwanaite A M	P	P	LA	P	P	X	LA	P	P	P	P	X	P
ClIr Legopelo J B	X	P	LA	P	P	P	X	X	P	P	P	P	P
ClIr Lekoro B F	P	P	P	P	P	P	P	P	P	P	P	P	P
ClIr Letlape S M	P	P	P	P	P	P	X	P	P	D	D	D	D
ClIr Lerm M	P	P	LA	P	P	P	P	P	P	LA	P	P	P
ClIr Mabale- Huma S S K	P	P	P	P	P	P	P	P	P	P	P	P	P
ClIr Mafoko S D	P	P	P	X	P	P	P	P	P	P	P	P	P
ClIr Magadane G L						P	P	P	P	X	P	P	P
ClIr Magadla E B	X	P	LA	P	P	P	P	P	P	P	P	P	P
ClIr Majolo W L	X	P	LA	P	P	P	P	LA	P	P	P	P	P

ClIr Makgale A T													P
ClIr Makhaua V N	P	P	P	P	P	P	P	P	P	P	P	P	P
ClIr Malan P A	P	P	P	LA	P	P	P	P	P	P	LA	P	P
ClIr Malinga M	P	P	P	P	P	P	P	P	P	P	P	X	P
ClIr Malla A D	P	P	P	P	P	P	P	P	P	P	P	P	P
ClIr Mashishi-Ntsime J	P	LA	P	P	P	P	P	P	P	P	P	P	P
ClIr Masilo T	P	X	P	P	P	P	P	P	P	P	P	P	P
ClIr Masondo N G	P	X	P	X	X	X	X	P	X	P	P	X	X
ClIr Mataboge A L	P	A	P	P	P	P	P	P	P	P	P	P	P
ClIr Matlhoko A M	X	P	LA	P	P	X	P	P	P	P	P	P	P
ClIr Megalanyane S T	P	P	P	P	P	P	P	P	P	P	P	P	P
ClIr Mhlungu S B M	P	P	P	P	X	P	P	P	P	P	P	P	P
ClIr Miny C	P	P	P	P	P	P	P	P	P	P	P	P	P
ClIr Mjekula E N	X	P	P	P	P	P	LA	P	P	P	P	P	P
ClIr Mmolotsi C N	P	P	P	P	P	P	P	P	P	P	LA	P	LA
ClIr Mnisi B P	LA	X	P	LA	P	P	P	LA	LA	P	LA	P	P
ClIr Mnisi A L	X	X	LA	P	P	X	P	P	P	X	LA	P	P
ClIr Mntombi S P	P	P	LA	P	P	P	P	P	P	P	P	X	P
ClIr Moatshe F S	P	P	P	P	P	P	P	P	P	X	P	P	P
ClIr Mohube M M	P	P	LA	P	P	P	P	P	P	P	P	P	P
ClIr Mokgatle O O	P	P	P	P	P	P	P	P	P	P	P	P	P
ClIr Mokotedi K G	P	P	P	X	P	P	P	P	P	P	P	P	P
ClIr Mokwele L P	P	P	P	P	P	P	P	P	P	P	P	P	P
ClIr Molatlhegi P R	X	X	LA	LA	P	P	X	LA	P	P	P	X	P
ClIr Moleme K G	X	X	LA	P	P	P	P	X	P	P	X	P	P
ClIr Molotsane D M	X	X	LA	X	P	X	P	P	P	P	LA	P	P
ClIr Molubi J N	P	P	P	P	P	P	P	P	P	P	P	P	P

ClIr Monageng V N	P	P	P	P	P	P	P	P	P	P	P	P	P
ClIr Monaise K I	X	P	LA	LA	P	P	P	P	P	X	P	P	P
ClIr Moraka S	LA	P	LA	P	P	P	P	LA	P	P	LA	P	
ClIr Morei K B	P	P	P	P	P	P	P	P	P	P	P	P	P
ClIr Mosoeu S M S	P	P	P	P	P	P	P	P	P	P	P	P	P
ClIr Motlhamme G S	X	P	LA	P	P	P	P	P	P	LA	P	P	P
ClIr Motshwane J	P	P	LA	P	P	LA	P	P	P	X	P	P	P
ClIr Mpokeleng B J	P	P	LA	P	P	LA	P	P	P	X	P	P	P
ClIr Mqanqeni N V	P	P	P	P	P	P	P	P	P	P	P	P	P
ClIr Mvula P	X	P	LA	P	P	X	P	P	P	P	X	P	P
ClIr Nel D	P	P	P	P	P	P	P	P	P	P			
ClIr Ngwato J D	P	P	P	P	P	P	P	P	P	X	P	P	P
ClIr Njikelane M	P	P	P	P	P	P	P	P	P	P	P	P	P
ClIr Nkgoang L I	P	LA	P	P	P	P	P	P	P	P	P	P	P
ClIr Nkgwang V K	X	P	LA	P	X	X	X	P	P	X	X	P	P
ClIr Nkosi L M	X	P	LA	P	P	X	P	P	P	P	P	X	P
ClIr Nonqonqo M I	P	P	P	P	P	P	P	P	P	P	P	P	P
ClIr Omarjee M	P	P	P	P	P	P	P	P	P	P	LA	P	P
ClIr Pelesi K L	P	P	P	P	P	P	P	P	P	P	P	P	P
ClIr Phillips C	P	P	P	LA	P	P	P	P	P	P	X	X	
ClIr Radebe W	X	LA	LA	P	P	X	P	P	P	P	P	P	P
ClIr Rantho M R	P	P	P	P	P	P	P	P	P	P	P	P	P
ClIr Rootman A											P	P	P
ClIr Seleka A	P	P	P	P	P	P	P	P	P	P	P	X	P
ClIr Sephai J L	P	P	P	P	P	P	P	P	P	P	P	P	P
ClIr Setshoane F L	X	X	X	P	P	LA	LA	P	P	P	P	P	P
ClIr Sikwane C K	X	P	LA	P	P	P	P	P	P	P	P	P	P
ClIr Snyders L B	P	P	P	P	P	P	P	P	P	P	P	P	P
ClIr Tjie P	X	P	LA	P	P	P	P	LA	P	P	P	P	P
ClIr Tlhapi P A	P	P	P	LA	P	LA	P	P	P	X	P	P	P
ClIr Tsamai A	LA	P	LA	P	LA	LA	P	X	P	LA	P	X	X
ClIr Tshabalala T E	P	P	P	P	LA	P	P	P	P	P	P	P	P
ClIr Tsienyane P	P	P	P	P	LA	P	P	P	P	P	P	P	P

Cllr Venter P A G	P	P	P	P	LA	LA	P	P	P	P	P	X	P
Cllr Wolf J	P	P	P	P	X	LA	P	P	P	P	P	P	P
Cllr Webster N	P	P	P	P	LA	P	P	P	P	P	X	X	X
Cllr Wolmarans S D	P	P	P	X	P	LA	P	P	P	P	P	P	P
Cllr Xatasi N S	P	P	P	LA	P	P	P	P	P	P	P	P	P
Cllr Xhanela Z	P	P	P	P	P	P	P	P	P	P	P	P	P

## APPENDIX B : COMMITTEES AND COMMITTEE PURPOSE

### Section 79 Committees : July 2018 – June 2019

#### BUDGET AND TREASURY PORTFOLIO COMMITTEE

P = PRESENT

X = ABSENT

LA = LEAVE OF ABSENCE

OM = ORDINARY  
MEETING

SP = SPECIAL MEETING

NON-MEMBER

	OM	OM	OM	OM	OM	OM
<b>COUNCILLOR</b>	<b>2019/02/26</b>	<b>2019/04/15</b>	<b>2019/06/18</b>	<b>2018/07/06</b>	<b>2018/14</b>	<b>2018/11/09</b>
Cllr Lekoro B	P	P	P	P	P	X
Cllr Chauke O R	X	X	P	LA	P	X
Cllr Malan P	P	P	P	P	P	P
Cllr Mokwele L P	P	P	P	P	X	X
Cllr Monageng V N	X	X	X	P	P	X
Cllr Mokotedi J	P	P	P	P	P	P
Cllr Matlhoko A	P	X	P	P	P	P
Cllr Legopelo B	X	X	X	P	P	X
Cllr Tsienyane P	P	P	P	P	P	X
Cllr Wolmarans	P	X	P	P	X	X
Cllr Wolf J	P	P	X	X	X	X
Cllr Moleme K	P	X	X	P	P	X
Cllr Snyders L	P	P	P	P	P	P
Cllr Moraka S	X	X	X	X	X	X
Cllr Kombe O		P	P	X	X	X

# **CORPORATE SUPPORT SERVICES PORTFOLIO COMMITTEE**

P = PRESENT

X = ABSENT

LA = LEAVE OF ABSENCE

OM = ORDINARY MEETING

SP = SPECIAL MEETING

NON-MEMBER

D = DECEASED

	OM	OM	OM	OM	OM
<b>COUNCILLOR</b>	<b>2018/07/06</b>	<b>2018/09/10</b>	<b>2018/10/05</b>	<b>2019/02/13</b>	<b>2019/06/12</b>
Cllr Babe N F	P	P	LA	P	P
Cllr Gegula D	P	X	P	P	P
Cllr Mafoko D	X	P	P	P	P
Cllr Mohube M	P	P	LA	P	LA
Cllr Majolo W	P	X	P	P	P
Cllr Mokgatle O	P	P	P	P	P
Cllr Matlhoko A	P	X	LA	P	P
Cllr Mmolotsi C N	P	X	P	P	P
Cllr Moleme K	P	X	P	P	P
Cllr Nkgoang L I	LA	P	P	P	P
Cllr Tshabalala T E	P	X	P	P	X
Cllr Snyders L B	P	X	LA	P	P

## IDP, PMS AND LEGAL

P = PRESENT

X = ABSENT

LA = LEAVE OF ABSENCE

OM = ORDINARY MEETING

SP = SPECIAL MEETING

NON-MEMBER

	OM	OM
	2018/10/05	2019/06/20
<b>COUNCILLOR</b>	<b>NO QUORUM</b>	
Cllr Wolmarans S	LA	LA
Cllr Lekoro B F	X	P
Cllr Chauke O R	X	P
Cllr Fetmani E	P	X
Cllr Legopelo J	P	X
Cllr Malan P	LA	P
Cllr Masilo T	P	P
Cllr Miny C	P	P
Cllr Mnisi A B P	X	
Cllr Mnisi A L	X	P
Cllr Mokwele L P	X	P
Cllr Monageng V N	P	LA
Cllr Morei K	LA	P
Cllr Motlhamme S	X	X
Cllr Ngwato J D	X	P
Cllr Nongqonqo M I	X	

## LOCAL ECONOMIC DEVELOPMENT

P = PRESENT

X = ABSENT

LA = LEAVE OF ABSENCE

OM = ORDINARY MEETING

SP = SPECIAL MEETING

NON-MEMBER

	OM 2018/07 /04	OM 2018/08 /08	OM 2018/09 /05	OM 2018/10 /03	OM 2018/11 /07	OM 2019/02 /06	OM2 2019/04 /03	OM3 2019/06 /05
Cllr Kombe O J	P	P	LA	X	LA	P	P	P
Cllr Damoyi M	P	X	P	X	P	P	X	X
Cllr Edwards I	P	P	P	P	P	X	P	P
Cllr Makhaula V N	X	LA	LA	X	LA	P	X	LA
Cllr Malinga M	X	X	X	X	X	X	X	X
Cllr Malan P	P	X	X	P	P	P	P	X
Cllr Mafoko D	P	X	LA	X	P	P	P	P
Cllr Megalanyane S T	P	X	P	X	X	P	P	P
Cllr Mnisi A P B	X	X	X	X	X	X	X	X
Cllr Mokotedi J	X	X	P	X	X	P	P	LA
Cllr Miny C	P	P	P	P	P	P	P	P
Cllr Molotsane D	X	X	X	X	P	LA	X	X
Cllr Mpolokeng	P	X	X	X		X	X	X
Cllr Nkgoang L	P	P	P	X	P	P	P	P
Cllr Setshoane F	P	X	X	P	P	X	X	X
Cllr Venter P	X	P	P	P	P	P	P	P
Cllr Tsamai A							P	



## PLANNING & HUMAN SETTLEMENT

P = PRESENT

X = ABSENT

LA = LEAVE OF  
ABSENCE

OM = ORDINARY  
MEETING

SP = SPECIAL  
MEETING

NON-MEMBER

D = DECEASED

	OM	OM	OM	SP	SP	OM	Cancelle d	OM
<i>COUNCILLOR</i>	<i>2019/08/ 2019</i>	<i>21/08/ 2019</i>	<i>04/10/ 2019</i>	<i>19/11/ 2019</i>	<i>04/12/ 2019</i>	<i>2019/02/ 13</i>	<i>2019/04/ 10</i>	<i>2019/0 6/12</i>
						NO QUORU M	NO QUORU M	
Cllr Makhaula V N	P	P	LA	P	P	P	P	P
Cllr Edwards I	P	P	P	P	P	X	P	P
Cllr Gegula D	P	P	P	P	P	P	P	P
Cllr Habi S	P	P	P	P	P	P	P	P
Cllr Jongela S	P	P	P	P	P	LA	LA	P
Cllr Kombe O J	X	X	X	X	P	P		
Cllr Mvula P	X	P	P	X	X	X	X	X
Cllr Mohube M	X	P	X	P	P	P	P	LA
Cllr Mokgatle O	P	P	X	P	X	P	P	P
Cllr Moleme K G	LA	P	P	P	P	X	X	X
Cllr Mntombi P	X	LA	P	X	P	X	X	X
Cllr Motshwane M	X	P	X	X	X	X	X	X
Cllr Pelesi K L	P	P	P	LA	P	LA	P	P
Cllr Phillips C	X	P	LA	LA	P	X	X	
Cllr Wolmarans S	LA	X	X	X	P	LA	LA	X
Cllr Moraka S					P	X	X	X
Cllr Tsamai A						X	LA	P

## PUBLIC SAFETY

P = PRESENT

X = ABSENT

LA = LEAVE OF ABSENCE

OM = ORDINARY MEETING

SP = SPECIAL MEETING

NON-MEMBER

	OM	OM	OM	OM
<i>COUNCILLOR</i>	<i>2018/08/08</i>	<i>2018/10/03</i>	<i>2019/04/16</i>	<i>2019/06/06</i>
ClIrMhlungu S B M	LA	P	X	P
ClIr du Plessis G	LA	P	X	P
ClIr Mafoko S D	X	LA	P	P
ClIr Malinga M	X	X	P	X
ClIr Matlhoko A	X	P	X	P
ClIr Mjekula E N	P	P	X	P
ClIr Mntombi P	X	P	P	X
ClIr Mqanqeni V N	LA	P	X	P
ClIr Nkosi L M	X	P	X	X
ClIr Snyders L B	X	P	P	P
ClIr Tshabalala T E	X	X	P	P
ClIr Tsienyane P	P	X	P	P
ClIr Venter P	P	P	P	P
ClIr Webster N	X	X	X	X
ClIr Tsamai A			P	LA

## ROADS AND TRANSPORT

P = PRESENT

X = ABSENT

LA = LEAVE OF ABSENCE

OM = ORDINARY

MEETING

SP = SPECIAL MEETING

NON-MEMBER

	OM	OM	OM	OM	OM	OM	OM
<b>COUNCILLOR</b>	2018/03/ /	2018/04/ 201	2018/07/ 19	2018/08/ 02	2018/09/ 06	2019/04/ 16	2019/02/ 14
		P	P	P	P		P
ClIr Mashishi-Ntsime J	P	P	P	P	P	P	P
ClIr Coetzee M	P	P	P	P	P	P	P
ClIr Edwards I	LA	P	P	P	P	P	X
ClIr Malinga M	LA	X	P	X	X	P	P
ClIr Majolo W L	X	P	X	P	P	X	LA
ClIr Miny C	P		P	P	P	P	X
ClIr Mnisi A B P	X	X	X	X	P	X	P
ClIr Mokotedi K G	P	X	X	X	X	P	P
ClIr Motshwane J	X	X	P	X	X	P	X
ClIr Mpolokeng J	P	X	X	X	X	X	P
ClIr Mqanqeni V N	P	X	X	P	LA	P	P
ClIr Ngwato J D	P	X	P	P	X	P	P
ClIr Nongqonqo	X	X	P	P	P	P	LA
ClIr Pelesi K L	P	X	P	P	P	P	LA
ClIr Setshoane F	X	X	X	X	X	X	X
ClIr Wolf J	X	X	P	X	X	P	LA
ClIr Lerm M	X	X	P	P	X	P	P
ClIr Tjie P				P		P	X

## RULES OF ORDER

P =

PRESENT

X = ABSENT

LA = LEAVE

OF ABSENCE

OM = ORDINARY

MEETING

SP =

SPECIAL

MEETING

NON-MEMBER

	OM	OM	SM	OM	OM	OM	OS	OS	OM	OM	OM
COUNCILLOR	2018/ 07/12	2018/ 08/16	2018/ 09/20	2018/ 10/11	2018/ 11/15	2019/ 02/14	2019/ 02/18	2019/ 03/17	2019/ 03/20	2019/ 04/11	2019/ 06/13
ClIr Mabale-Huma SSk	P	P	P	P	P	P	P	P	P	P	LA
ClIr du Plessis G J	P	P	P	P	P	P	P	P	P	LA	P
ClIr Habi S	P	X	P	P	P	P	P	P	P	P	P
ClIr Legopelo J B	X	P	P	P	P	P	P	X	P	P	P
ClIr Mafoko S D	P	P	P	P	P	P	X	X	P	P	P
ClIr Masondo N	LA	LA	X	P	X	P	P	X	X	P	P
ClIr Mataboge A L	P	P	P	P	P	P	P	P	P	P	X
ClIr Mohube M								P	P	P	P
ClIr Njikelane M	P	P	P	LA	LA	X	X	P	P	P	P
ClIr Sikwane C K	X	P	P	P	P	X	X	X	P	P	P
ClIr Snyders L	P	P	P	P	P	P	X				
ClIr Setshoane F	P	P	P	P	P	X	X	P	P	LA	P
ClIr Webster N	X	X	P	P	X	P	X	X	P	X	LA

## MAYORAL COMMITTEE

P = PRESENT

X = ABSENT

LA = LEAVE OF  
ABSENCE

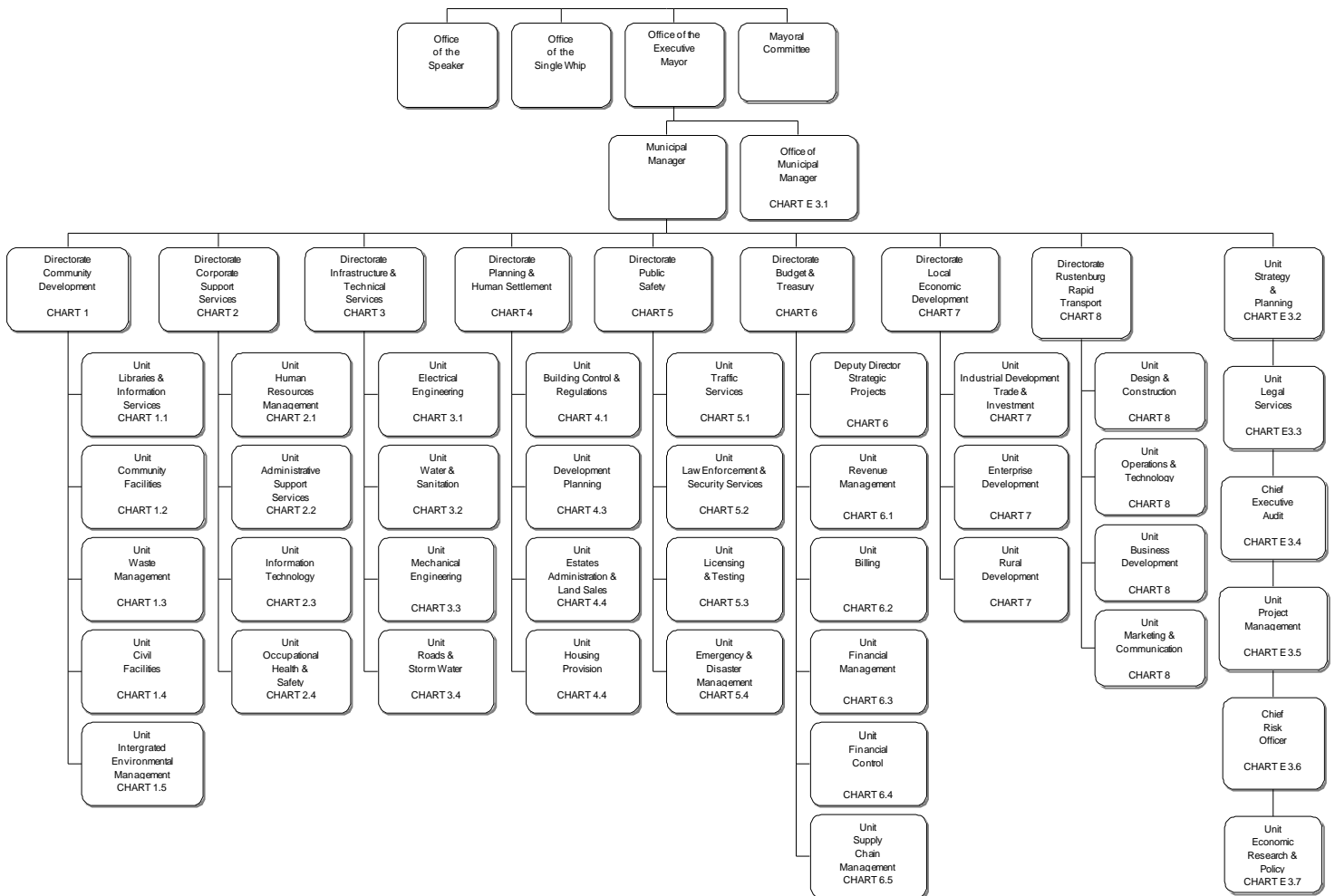
OM = ORDINARY  
MEETING

SP = SPECIAL  
MEETING

NON-MEMBER

	OM	OS	OM	OM	OM	OM	OM	OM
<i><b>COUNCILLOR</b></i>	2018/07 /10	2018/07 /17	2018/09 /14	2018/10 /18	2018/11 /15	2019/03 /12	2019/05 /14	2019/07 /09
Cllr Khunou M E	P	P	P	P	P	P	P	X
Cllr Babe N	P	P	P	P	P	P	P	P
Cllr Kgaladi L P	P	P	P	P	P	P	P	P
Cllr Kombe O	P	P	P	P	P	P	P	X
Cllr Lekoro B F	P	P	X	P	P	P	P	P
Cllr Makhaula V N	P	P	P	P	P	P	P	P
Cllr Mashishi-Ntsime J	LA	P	P	P	P	P	P	X
Cllr Molubi J N	P	P	P	P	P	P	P	P
Cllr Xatasi N S	P	P	X	P	X	X	P	P
Cllr Mhlungu S B NM	LA	P	P	P	P	P	P	P
Cllr Wolmarans S	P	X	X	X	P	P	P	X

## APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE (INCLUDING MUNICIPAL ENTITY)



## APPENDIX D: FUNCTIONS OF THE MUNICIPALITY/ENTITY

### 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 portable 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
Control of Undertakings that sell Liquor to the Public	Includes inspection service to monitor liquor outlets for compliance to license requirements.	NP

POWERS AND FUNCTIONS	DESCRIPTION	Performed/ Not Performed
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 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

**APPENDIX F: WARD INFORMATION**

WARD	PROJECT	AMOUNT
Ward 12(Meriting)	Meriting Roads & Stormwaterter Ward 18 Phase 4	18,897,865.66
Ward 26(Tsitsing)	Tsitsing Roads And Stormwaterter Drainage	3,027,033.46
Ward 1(Phatsima)	Phatsima Roads And Stormwaterter Drainage Phase 5	30,015,152.78
Ward 2 (Rasimone)	Rasimone Internal Roads & Stormwaterter	5,636,683.31
Ward 2 (Robega)	Robega Internal Roads & Stormwaterter	2,157,283.62
Ward 2 (Chaneng)	Chaneng Internal Roads & Stormwaterter	4,239,211.80
Ward 24(Freedom Park)	Freedom Park Ward 24 Roads And Stormwaterter Drainage	6,438,335.82
Ward 22(Boitekong)	Boitekong Ward 22 Roads And Stormwaterter Drainage Phase 6	47,373,628.81
Ward 31(Marikana)	Marikana Roads & Stormwaterter Drainage Phase 5	8,415,482.15
Ward 2 (Mafenya)	Mafenya Internal Roads& Stormwaterter	141,055.78
Ward 5(Phokeng)	Phokeng Ward 5 Roads And Stormwaterter Upgrading	199,586.12
Ward 6(Phokeng)	Phokeng Ward 6 Roads And Stormwaterter Upgrading	207,149.39
Ward 2(Macharora)	Macharora VIP Toilets	837,453.13
Ward 14,15,16,17	Upgrading of the Western Bulk Sewer Lines	5,396,696.34
Ward 27(Lethabong)	Lethabong Internal Sewer Reticulation and Toilet Structures	15,271,315.48
Ward 11(Tlhabane)	Replacement of Tlhabane AC Sewer Bulk Line	13,031,375.77
Ward 25(Monnakato)	Upgrading of the Monnakato Waste Water Treatment Works	6,809,532.25
Ward 23(Bospoort)	Upgrading & Extension of the Bospoort water Treatment Plant	22,318,953.00
Ward 23(Bospoort)	Construction of Bospoort Bulk Water Pipeline	1,027,257.04
Ward 11(Tlhabane)	Refurbishment of Bulk Line & Tlhabane Water AC replacement	29,342,673.35
Ward 18(Boitekong)	Development of Boitekong Sports Facility	498,139.19
Ward 18(Rustenburg)	Construction of the Rustenburg Flea Market	12,282,373.89
Ward 31(Marikana)	Marikana Waste Transfer Station Construction	5,015,871.06
Ward 26/29	Installation of High Mast Light in Mosenthal/Ikageng Phase 2	1,435,581.80
Ward 23(Kanana)	Installation of High Mast Light in Kanana	1,930,298.26
ALL	PMU Rustenburg	4,948,035.20

**TOTAL**
**246,894,024.46**

## **APPENDIX G: REPORT AND RECOMMENDATIONS OF THE MUNICIPAL PERFORMANCE AUDIT COMMITTEE (PAC)**

### **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 on the work of the Committee for the reporting period ending the 30 June 2019.

### **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 that 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; 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 this Act, 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.

### **3. TERMS OF REFERENCE AND EFFECTIVENESS**

Besides the abovementioned legislation, the Performance Audit Committee functions as per its Charter, which Council approved as per Council Resolution No. 248 dated 25 September 2018. The PAC is authorized, in terms of this charter, to perform the duties and functions required to ensure adherence to the provisions of the Municipal Finance Management Act, the applicable provisions of the Municipal Systems Act and the Municipal Structures Act and other applicable regulations.

Consideration has also been given to the recommendations contained in the King Report on Governance for South Africa 2016 (King IV). This charter guides the Audit Committee in fulfilling its obligations.

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, 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 require a minimum of five members.

There were two vacancies during the financial year due to resignation (Dr T Mawela) and end of term (Mr SAB Ngobeni). The process of filling of these vacancies were at an advance stage before the end of the financial year. The vacancies did not affect the PAC in fulfilling its mandate and legislative responsibilities.

In discharging its mandate effectively, the PAC had separate meetings for the Municipality and its entity for the year under review.

**The composition and membership of the PAC is as follows:**

No.	MEMBER	TERM	POSITION	STATUS
1.	W.E Huma	3 years (Appointed 02 May 2017) (Appointed Chairperson on the 29 May 2018)	Chairperson	Current
2.	S Ngobeni	3 years (Appointed 26 January 2016)	Member	Term ended (31 January 2019)
3.	H Maritz	3 years (Appointed 02 May 2017)	Member	Current
4.	Z Nkosi	3 years (Appointed 29 May 2018)	Member	Current
5.	T Mawela	3 years (Appointed 29 May 2018)	Member	Resigned (31 January 2019)

**Meetings and Attendance**

Sixteen (16) meetings were held for the municipality and the entity, during the year under review, as well as other meetings with the Municipal Manager, Internal Audit, and Senior Management. Various stakeholders such as the Auditor-General of South Africa (AGSA), National and Provincial Departments were invited to all meetings.

Challenges were encountered with the attendance of PAC meetings by the Directors. Non-attending Directors did not always assign a stand-in responsible official from their respective directorates, and where stand-ins attended, they were unprepared and unable to report to the PAC.

The attendance of meetings by the PAC members was as follows:

No.	MEMBER	ROLE	MEETINGS HELD	NUMBER OF MEETING HELD	NUMBER OF MEETINGS ATTENDED
1.	W.E Huma	Chairperson	<b>Rustenburg Local Municipality</b> 04 July 2018 13 August 2018 20 August 2018 30 August 2018 18 September 2018 05 October 2018 26 November 2018	16	16
2.	H Maritz	Member		16	15
3.	S. Ngobeni	Member		16	2
4.	Z Nkosi	Member		16	14
5.	T Mawela	Member		16	6
			07 March 2019 20 May 2019 10 June 2019 14 June 2019 21 June 2019  <b>Rustenburg Water Services Trust</b> 30 August 2018 10 December 2018 25 March 2019 10 June 2019		

## 5. ROLES AND RESPONSIBILITIES

In line with the roles and responsibilities set out in its Charter, the PAC reports as follows:

### (a) Effectiveness of Internal Controls

The systems of internal control are the legislated responsibility of the accounting officers 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 Consolidated 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 improvement as some matters reported in prior

reporting periods have not been satisfactorily 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.

**(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 are not satisfactory. The Performance Audit Committee is not satisfied with the progress made in the advancement of compliance maturity within the Municipality, 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 are in the process of implementation 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 must be prioritised during the year and will remain a critical pillar that is monitored closely.

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 had limited review of the Municipality's performance during the year due to lack of and or late submission of quarterly reports by management. The quality of the performance information reports submitted was not satisfactory and requires much improvement and attention should be given to legislative compliance.

The PAC reviewed the Performance Report of the municipal entity (Rustenburg Water Services Trust – "RWST") submitted for auditing by AGSA and concluded that the report does not comply with the Municipal Finance Management Act No.56 of 2003 (MFMA) and Treasury Regulations, Frameworks and Prescripts.

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 KPI and targets were changed during 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 2018/19. 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 Plans (SDBIP) targets. The actions 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 were not implemented successfully. 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 of Internal Audit was evaluated by the PAC. The PAC noted the ongoing efforts to improve the function's ability to discharge its responsibilities. An internal Quality Assurance Review (QAR) was planned during the year. The QAR was conducted by National Treasury and was still in progress at the end of the financial year.

The PAC supported efforts to enhance the function's capacity in 2018/19 and believes that this will contribute to more effective and responsive actions to address the Municipality's internal control challenges.

The Committee has concerns with the following limitations pertaining to the support of Internal Audit by municipality in performing its legislative functions and as an assurance provider:

- ✚ The current organizational structure of internal audit is not sufficient for the size of the municipality.
- ✚ There is no budget allocation for IT Audits, Performance Audits - Three E's (Value for Money – Efficiency, Effective and Economical) Audit, Environment Audits, Special Investigations, Forensic Investigation and or any other specialised audits.
- ✚ The budget allocation is not even 1% percentage of the municipal budget.

**(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, 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. Through the Risk Management Committee, the PAC considered the Municipality's processes and systems of risk management

The PAC is not satisfied with the level of effectiveness of the risk management operational and strategic processes as well as systems. The Municipality has to ensure that the following areas are given attention:

- Risk Management Committee effective functioning,
- Embedding risk management culture within the municipality,
- Municipality's risk appetite and risk tolerance levels be defined,
- Implementation of combined assurance as espoused by King IV, and
- Implementation of governance and compliance management.

The Performance Audit Committee emphasized the critical importance of the development and implementation of Business Continuity Management and Disaster Recovery Planning. 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.

**(f) Quality of In-Year and Quarterly Management Reports**

The Municipality had challenges with implementing monthly and quarterly reporting system as required by the Municipal Finance Management Act (MFMA). The quality of the reports submitted was not satisfactory. The challenges of changing the financial system was a major one. Monitoring and reviews of financial, information communication technology, human resources, risk management, compliance, governance and performance information were done periodically in the year under review.

**(g) Financial Statements and Accounting Practices**

The Performance Audit Committee is concerned with the non-compilation of the quarterly financial statements. There was no plan developed in terms of how the municipality is going to prepare quarterly financial statements.

The PAC reviewed and discussed the Draft Annual Financial Statements of the Municipality and the Entity. The review of the Draft Annual Financial Statements by internal audit and PAC identified several material findings.

The AGSA Management Report of the Municipality and the Entity were presented to the Performance Audit Committee on 27 November 2019 and 18 December 2019 respectively. The Municipality has received a qualified audit opinion for the year ended 30 June 2019. The entity, on the other hand, received an unqualified audit opinion for the year ended 30 June 2019.

The PAC concurs with AGSA's reported audit findings on Key Audit Matters (KAM). The PAC concurs and accepts the AGSA Audit Report on the separate and group annual financial statements, and is of the opinion that the audited annual separate and group financial statements should be accepted together with the AGSA consolidated audit report.

## **(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 2018/19 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 AGSA were independent of the Municipality and its entity. The Committee concurs with and accepts the conclusions and the audit opinion of AGSA on the separate and consolidated 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 recommended that management's corrective actions to address the findings of the AGSA should be detailed and include a root cause analysis to the findings. 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 affecting the independence of the external auditors.

## **6. SUPPLY CHAIN MANAGEMENT**

Supply Chain Management is a high risk area of the municipality and there was no control as the former municipal manager delegated functions which cannot be delegated. There were contracts flagged by AGSA that were procured without inviting competitive bids, and the deviation were approved even though it was practical to invite competitive bids.

## **7. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE**

The PAC is concerned with the increase in irregular expenditure in one financial year 2018/2019 (R713 683 295) compared R682 636 537 in the financial year 2017/2018 and this resulted in a cumulative irregular expenditure amount of R 5 130 981 000. R414 640 000 of the irregular expenditure during the financial 2018/2019 was as a result of contravention of Supply Chain Management legislation. Furthermore, fruitless and wasteful expenditure also increased by R793 000 during the financial year

under review. As at the end of the financial year there was no movement in terms of reducing the irregular, fruitless and wasteful expenditure.

The PAC is once more urging management to prioritize the improvement of controls to prevent and detect irregular, fruitless and wasteful expenditure.

## **8. FINANCIAL VIABILITY**

The Performance Audit Committee noted that there was no compliance with Municipal Finance Management Act (MFMA) No. 56 of 2003, section 65 (2) (e) in terms of payment of service provider within the prescribed period of 30 days. The Municipality has been committing (current liabilities) the budget resources of the following financial year in the current financial year. The municipality started the financial year 2018/2019 with 23% of current liabilities and 2019/2020 with 37% of current liabilities. This over-commitment has a huge impact on service delivery and sustainability of the municipality. The overall financial viability of the municipality is of great concern to the PAC.

Proper financial planning is required to ensure that the municipality's finances are sound in order for the municipality to be efficient, effective and economical in fulfilling its mandate of service delivery.

## **9. CONDITIONAL GRANTS**

The Performance Audit Committee has noted that the following conditional grants were not spent according to the applicable grant framework:

- ✚Municipal Infrastructure Grant (MIG);
- ✚Public Transport Network Grant (PTNG);
- ✚Water Services Infrastructure Grant (WSIG);

There was lack of evaluation of performance on programmes funded by the grants by the municipality as identified by AGSA during the financial under review.

## **10. 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.

The culture of no consequence management is what has led to lack of controls and the increase of irregular, fruitless and wasteful expenditure and non-delivery of services to communities.


## **11. SPECIAL INVESTIGATIONS**

Three Regulation 32 of the Municipal Supply Chain Management Regulation investigations were finalized during the financial year under review as requested by the former Municipal Manager. The Directorate for Priority Crime Investigation was still busy with the investigations.

## **12. APPRECIATION**












The PAC wishes to thank the Council, Municipal Manager, Senior Management and Staff of the municipality 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 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:

 13/01/2020

**Adv. W.E Huma**

**Chairperson of the Performance Audit Committee**

Date of Meeting	Resolution			
	No.	Details	Adopted by Council	Not Adopted by Council
20 August 2018	1	<b>1. INTERNAL AUDIT</b>  Management comments to internal audit findings should be submitted within the agreed time frames.  Management should attend PAC meetings regularly in line with the PAC Charter.  Management should submit their quarterly reports to the PAC timeously as per the PAC Charter.  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 Specialised Auditors to conduct Specialised Audits and or outsource the Specialised Functions.  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.	Yes.	
30 August 2018	2			
	3			
	4			
	5			
		<b>2. RISK MANAGEMENT</b>  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.  Risk reports to be presented to the Management Committee before consideration by the Performance Audit Committee.  The top risks of the RWST and the appropriate risk mitigation plans with portfolio of evidence be monitored regularly.		

Date of Meeting	Resolution			
	No.	Details	Adopted by Council	Not Adopted by Council
		<ul style="list-style-type: none"> <li>✚ Projects risks be identified, documented and monitored.</li> <li>✚ 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.</li> </ul> <p><b>3. OVERALL CONTROL ENVIRONMENT</b></p> <ul style="list-style-type: none"> <li>✚ Management should comply with and adhere to policies and procedures and lead by example.</li> <li>✚ 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.</li> <li>✚ Overall internal controls need to be substantially improved.</li> <li>✚ Adherence and compliance to SCM policies and procedures should become a norm and compulsory. Failure to comply must attract serious consequences.</li> <li>✚ Council must enforce adherence to SCM Policies and Procedures and insist on quarterly reports on SCM.</li> </ul> <p><b>4. SPECIAL INVESTIGATIONS</b></p> <p>Forensic investigations for the Municipal Supply Chain Management Regulations (MSCMR), Regulation 32 appointments were conducted. The forensic investigators were sourced from the National Treasury database. Three forensic investigations were conducted for the following:</p> <ul style="list-style-type: none"> <li>(a) Financial Accounting Services;</li> <li>(b) Hiring of Fleet;</li> <li>(c) Landfill site;</li> </ul> <p>The special investigations were finalized. The Directorate for Priority Crime Investigation was still busy with investigations as at end of the financial year 2018/19.</p> <p><b>5. BUDGET AND TREASURY OFFICE</b></p> <p><b>Financial Reporting</b></p> <p>Monthly Section 71 reports were not submitted, which limit the Committee to perform its functions and to be efficient.</p> <p><b>Credit Control</b></p> <ul style="list-style-type: none"> <li>✚ Budget Treasury Office (BTO) to report on progress of debt collectors. A situational analysis report including amount collected by debt collectors versus amount paid to them be prepared.</li> <li>✚ BTO to ensure that the debt collectors are not focusing on 120 days and less debt.</li> </ul>		

Date of Meeting	Resolution			
	No.	Details	Adopted by Council	Not Adopted by Council
		<ul style="list-style-type: none"> <li>Debt Collectors should concentrate on debt of more than 120 days.</li> </ul> <p><b>6. SUPPLY CHAIN MANAGEMENT (SCM)</b></p> <ul style="list-style-type: none"> <li>Register of contracts awarded should be broken down into two i.e. normal and capital projects against budget.</li> <li>Continuous performance monitoring of consultants be done at all times.</li> <li>The performance of service providers should be linked with a penalty clause in order to ensure excellent and timely performance.</li> <li>Project plans be developed for service providers by the municipality to ensure demarcation of responsibilities and clear lines of accountability.</li> <li>Municipality to avoid, Regulation 32 contracts which are entered into without proper compliance processes.</li> <li>Deviations register be presented to PAC on quarterly basis.</li> <li>Adherence and compliance to SCM policies and procedures.</li> </ul> <p><b>7. SMART CITY PROJECT PLAN</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>Consultation with National Treasury be confirmed in writing and be presented to the PAC.</li> <li>The role of the lawyer be clear and clarified to ensure demarcation of responsibilities and accountability;</li> <li>The ICT steering committee should provide assurance on the Smart City Project in terms of the project plan implementation thereof;</li> <li>Project risk register be compiled for the Smart City Project and be monitored regularly;</li> <li>The project costing be clearly stipulated and affordability plan be developed to prevent over-commitment by the municipality.</li> </ul> <p><b>8. PERFORMANCE MANAGEMENT</b></p> <ul style="list-style-type: none"> <li>Management must ensure alignment of the Integrated Development Plan (IDP), the Budget, Service Delivery and Budget Implementation Plan (SDBIP) and performance agreements;</li> </ul>		



Date of Meeting	Resolution			
	No.	Details	Adopted by Council	Not Adopted by Council
		<ul style="list-style-type: none"> <li>✚ Management must adhere to timelines set in the policy and procedure for the submission of Portfolio of Evidence (POE).</li> <li>✚ 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.</li> <li>✚ Management must adhere to policies, procedures, guidelines on performance management.</li> </ul> <p><b>9. ICT (Information Communication and Technology) GOVERNANCE</b></p> <ul style="list-style-type: none"> <li>✚ Due consideration should be given to appoint a suitable service provider to perform a gap analysis on the ICT.</li> <li>✚ The municipality should prepare an action plan addressing all the gaps in internal- and external audit findings.</li> <li>✚ All ICT projects reports across the Municipality with their risks be submitted to the PAC;</li> <li>✚ 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;</li> <li>✚ ICT Steering Committee reports be submitted on quarterly basis to the PAC.</li> <li>✚ Quarterly ICT Governance report in line with the legislation on Policies and ICT Governance Framework be presented.</li> </ul> <p><b>10. ETHICS</b></p> <ul style="list-style-type: none"> <li>✚ That the gift register of the municipality be updated;</li> <li>✚ Development and/or review of the gift register policy and procedure manual be conducted;</li> <li>✚ Development and /or review of Remunerative work outside the employ of the municipality be drafted;</li> <li>✚ 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.</li> </ul> <p><b>11. ANNUAL FINANCIAL STATEMENTS</b></p> <ul style="list-style-type: none"> <li>✚ The detailed proper year-end project plan be developed with timelines, responsible officials with responsibilities and mapping of the review process to improve the quality of the annual financial statements.</li> <li>✚ Skills transfer with deliverables per assigned official should be developed in order to phase out consultants as and when necessary.</li> </ul>		

Date of Meeting	Resolution			
	No.	Details	Adopted by Council	Not Adopted by Council
		<ul style="list-style-type: none"> <li>Preparation of quarterly financial statements as a build-up to the Annual Financial Statements should be done on a quarterly basis.</li> </ul> <p><b>12. CONSEQUENCE MANAGEMENT</b></p> <ul style="list-style-type: none"> <li>The culture of no consequence management is what is leading to lack of controls and the increase of irregular, fruitless and wasteful expenditure.</li> <li>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.</li> </ul> <p><b>13. HR (Human Resources) GOVERNANCE REPORT</b></p> <ul style="list-style-type: none"> <li>Separate the organisational policies in terms of which ones are to be presented to Local Labour Forum (LLF) and which ones are not.</li> <li>Policies be presented in phases based on the process plan developed for LLF;</li> <li>Develop an action plan to prioritise development and review of policies to be aligned with the financial year.</li> </ul> <p><b>14. TECHNICAL AND INFRASTRUCTURE</b></p> <ul style="list-style-type: none"> <li>Management must implement the strategy and plan to reduce energy and water losses.</li> <li>Management to submit quarterly reports to PAC on the success of the strategy and plan.</li> </ul>		
05 October 2018	2.	<p><b>15. ANNUAL PERFORMANCE REPORT (SECTION 46)</b></p> <ul style="list-style-type: none"> <li>Register of contracts from BTO to be used to ensure that completeness of list of service providers.</li> <li>On the table of service providers rand value of contracts be included.</li> </ul>		
26 November 2018	3.	<p><b>16. INTERNAL AUDIT QUARTERLY REPORT</b></p> <ul style="list-style-type: none"> <li>That internal audit reports be discussed at MANCO to enable the directors to have an understanding of the control environment, and information sharing before they are tabled to PAC.</li> </ul> <p><b>17. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE</b></p>	Yes	

Date of Meeting	Resolution			
	No.	Details	Adopted by Council	Not Adopted by Council
		<ul style="list-style-type: none"> <li>The development of the accurate and complete irregular expenditure and fruitless and wasteful expenditure register is very critical.</li> <li>The reduction of irregular, fruitless and wasteful expenditure should be prioritized in the new financial year.</li> <li>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.</li> </ul> <p><b>18. PERFORMANCE MANAGEMENT SYSTEMS (PMS)</b></p> <p><b>a) PMS Framework Policy</b></p> <ul style="list-style-type: none"> <li>That the PMS policy framework be detailed and benchmarking with Department of Public Service Administration (DPSA) regarding moderation committee.</li> <li>That the dispute resolution paragraph be specific and detailed on the timelines of the dispute process.</li> <li>That employees on fixed term contracts be covered under the paragraph dealing with rewarding performance.</li> </ul> <p><b>b) Quarterly Performance Report</b></p> <ul style="list-style-type: none"> <li>That PMS when submitting the quarterly report to council to indicate that it is unaudited. Then submit the audited quarterly report in the next council sitting. An audited quarterly report be submitted.</li> </ul>		
07 March 2019	4.	<p><b>19. PERFORMANCE MANAGEMENT SYSTEMS (PMS)</b></p> <p><b>a) PMS Framework Policy</b></p> <ul style="list-style-type: none"> <li>That there must be a distinction and differentiation between Section 56, 57 (Municipal Systems Act) employees and bargaining council in terms of the composition of the moderation committee. That when Performance Management System (PMS) unit is done with the process, it must be checked by the Municipal Manager and PMS consult with the SALGA.</li> <li>That conditions of bonus payments for Section 56 employees be indicated, for example it must be budgeted, municipality must have been assessed by Auditor-General South Africa.</li> </ul> <p><b>b) Mid-year Performance 2018-19</b></p> <ul style="list-style-type: none"> <li>That the mid-term Top-Layer Service Delivery and Budget Implementation Plan (SDBIP) include the target for the quarter as it is difficult to follow, and that reasons for non-achievements be stated &amp; remedial actions be developed</li> </ul>	Yes	

Date of Meeting	Resolution			
	No.	Details	Adopted by Council	Not Adopted by Council
		<p><b>20. UNAUTHORISED EXPENDITURE</b></p> <ul style="list-style-type: none"> <li>✚ That there must be proper systems developed to detect unauthorized expenditure by BTO.</li> </ul> <p><b>21. MID-YEAR BUDGET ASSESSMENT REPORT</b></p> <ul style="list-style-type: none"> <li>✚ That on turnkey projects the municipality ensures that competitive bidding process be followed, and not allow the transactional advisers to tell us what to do.</li> <li>✚ That a report on credit balances and what has been refunded to date be presented.</li> </ul>		
20 May 2019	5.	<p><b>22. DRAFT AUDIT REPORT 2017/18</b></p> <ul style="list-style-type: none"> <li>✚ That the management convene a workshop to come up with an audit action plan to address the issues raised in the report.</li> </ul> <p><b>23. WORKPLACE ETHICS REPORT</b></p> <p>The following be reflected in the report:</p> <ul style="list-style-type: none"> <li>✚ Interest disclosures whether they are within the legislated timelines;</li> <li>✚ Indicate how many officials (if any) have received gift and rewards (including its amount, directorate);</li> <li>✚ Whether the code of conduct exists, is implemented and being adhered to.</li> </ul> <p><b>24. ICT GOVERNANCE</b></p> <ul style="list-style-type: none"> <li>✚ That the distance between the Main building and the disaster recovery site is concerning. It should at least be 100km in case there is a disaster within the Rustenburg jurisdiction.</li> </ul> <p><b>25. HR GOVERNANCE</b></p> <p>That a report on the organizational structure to indicate:</p> <ul style="list-style-type: none"> <li>✚ Staff compliment be broken down.</li> <li>✚ Vacancies on structure whether they are funded or unfunded.</li> <li>✚ Positions filled that are not on the structure and not funded, in order to monitor irregular expenditure and who is responsible for it.</li> <li>✚ That exit interviews be formalised to get a clear picture of reasons for resignations, so that the issues causing them are addressed. This is due to a lot of vacancies but slow rate of filling them.</li> </ul>	Yes	

Date of Meeting	Resolution			
	No.	Details	Adopted by Council	Not Adopted by Council
		<p><b>26. LEGAL AND VALUATION</b></p> <p><b>a) Report on finalised or pending cases</b></p> <ul style="list-style-type: none"> <li>✚ That managers must be trained in resolving disputes with the guidance of the labour relations expert.</li> </ul> <p><b>b) Litigation report</b></p> <ul style="list-style-type: none"> <li>✚ That in future action to be taken or strategy to deal with the litigations be reflected on the report.</li> <li>✚ The assessment of probability of success be indicated to give an estimate of contingent liability, to assist the municipality in ensuring the provisions are not understated.</li> <li>✚ That total costs of litigations claimed to date as well as the lawyers' fees paid be included in the report.</li> </ul> <p><b>27. TECHNICAL AND INFRASTRUCTURE SERVICES</b></p> <p><b>a) Report on Electricity losses</b></p> <ul style="list-style-type: none"> <li>✚ That the directorate DTIS to look the at Auditor General methodology regarding the distribution losses and the City of Cape Town and Ekurhuleni and compare them and further formulate our own (RLM) methodology from benchmarking.</li> </ul> <p><b>b) Report on Water losses</b></p> <ul style="list-style-type: none"> <li>✚ That figures in the report be properly explained and broken down between non-revenue, physical and commercial water losses for presentation at next PAC meeting.</li> <li>✚ That timelines be included in the strategy and implementation plan by the directorate, as most of the timelines are stated as on-going.</li> <li>✚ Quantify the strategies implemented so that the PAC can see the impact/progress it has on the losses.</li> </ul>		
14 June 2019	6.	<p><b>28. BUDGET AND TREASURY OFFICE (BTO)</b></p> <p><b>a) Annual Financial Statements (AFS)</b></p> <p>That year-end project plan for the 2018/19 AFS covering the following (with dates / timeframes) inter alia be submitted:</p> <ul style="list-style-type: none"> <li>✚ All activities in the preparation of the AFS;</li> <li>✚ Audit Steering Committee meeting;</li> <li>✚ Preparer;</li> <li>✚ Reviewer;</li> <li>✚ 2<sup>nd</sup> reviewer (sign-off by the CFO);</li> </ul> <p><b>b) RWST outstanding invoices</b></p> <ul style="list-style-type: none"> <li>✚ Payment plan of the outstanding invoices for more than 10 months which ± R 156 million be compiled.</li> </ul> <p><b>c) Skills audit</b></p>	Yes	

Date of Meeting	Resolution			
	No.	Details	Adopted by Council	Not Adopted by Council
		<ul style="list-style-type: none"> <li>✚ Conduct a skills audit to address capacity issues to include inter alia:               <ul style="list-style-type: none"> <li>a) Positions filled (current staff complement),</li> <li>b) Positions funded</li> <li>c) Positions unfunded.</li> </ul> </li> <li>High level report prepared in line with the National Treasury template / requirements of skills audit be submitted.</li> </ul> <p><b>29. RISK MANAGEMENT</b></p> <ul style="list-style-type: none"> <li>✚ Disaster Recovery Plan be reviewed for entire Municipality not for IT only.</li> <li>✚ Draft Business Continuity Plan for the municipality be compiled.</li> <li>✚ Emerging risk register be elevated to where they fit in terms of the strategic risk register or operational risk register;</li> </ul> <p><b>30. INTERNAL AUDIT</b></p> <ul style="list-style-type: none"> <li>✚ Combined Assurance Framework be developed.</li> <li>✚ That a report on the Quality Assurance Readiness from National Treasury be presented as soon completed, so that an action plan can be compiled and implemented.</li> </ul> <p><b>31. PERFORMANCE MANAGEMENT</b></p> <p><b>a) PMS Framework Policy 2019/20</b></p> <ul style="list-style-type: none"> <li>✚ Salary issues be removed from the Performance Management Systems Policy Framework.</li> <li>✚ Salary issues be in separate document.</li> </ul>		

## 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.
1	Local Economic Development	Tulanie Trust T/A Omaramba Vakansie-Oord En Konferensie Sentrum & Rustenburg Kloof Resort Cc	Management And Maintenance Agreement	N/A	2004/12/24	2024/12/24	240 months	5% of monthly turnover

### RUSTENBURG WATER SERVICES TRUST

No	Responsible Directorates And Units	Service Provider	Description	Bid /Contract No.	Commencement Date	Expiry Date	Period	Contract Value.
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

## APPENDIX I: MUNICIPAL ENTITY/SERVICE PROVIDER PERFORMANCE SCHEDULE

Addressed with Section 46 Report

**APPENDIX J: DISCLOSURE OF FINANCIAL INTEREST (SENIOR MANAGERS)**

NAME	DIRECTORATE	DIVISION	POSITION	PERSONAL	DISCLOSURE	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
Komane E	Local Economic Development	Local Economic Development	Director: Local Economic Development	x	X	-	-	-	-	-	X	-	-	-
Komane E	Municipal Manager	Office of the MM	Acting Municipal Manager						No Disclosure of Benefits form attached on P/File					
Boikanyo IK	Public Safety	Public Safety	Director: Public Safety	-	-	-	-	-	x	-	x	-	-	-
Roboji Y	Corporate Support Services	Corporate Support Services	Director: Corporate Support Services	-	-	-	x	-	-	-	-	-	-	x
Ditsele GG	Budget and Treasury	Budget and Treasury	Chief Financial Officer	-	-	x	-	-	-	-	-	-	-	x



NAME	DIRECTORATE	DIVISION	POSITION	PERSONAL	DISCLOSURE	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 Financia l Int.	Consultanci es Retainershi ps	Spons orship s	Gifts	Interest in Land/pr operty
Moleele OM	Roads and Transport	Roads and Transport	Acting Director: Roads and Transport	-	-	x	x	-	-	-	-	-	-	x
Masilo O	Technical and Infrastructure Servives	Technical and Infrastructure Services	Director: Technical and Infrastructure Services	-	-	-	-	-	-	-	-	-	-	-

## APPENDIX K: REVENUE COLLECTION PERFORMANCE

	2019	2018	NORM/RANGE
	R'000	R'000	95%
<b>Result =</b>	<b>77%</b>	<b>84%</b>	
Gross Debtors closing balance	4 827 810	3 999 140	
Gross Debtors opening balance	3 999 140	3 537 109	
Bad debts written Off			
Billed Revenue	3 583 476	2 948 549	

### Narration

*Year to year collection rate has decreased by 7% 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: EXCLUDING MIG

GRANT REGISTER 2018/19 FINANCIAL YEAR

Name of Grant	Opening Balance	Grants Received	Grants Withheld	Grants Utilized	Closing Balance	Percentage of Grants Utilized	Delayed and/or withheld	Reason for Delay / Withholding of Funds
EQUITABLE SHARE	-	(594,707,000.00)	(10,299,422.58)	605,006,422.58	-	-100%	No	WSIG and EEDG roll-over not approved
LG SETA	(957,386.36)	(230,450.49)	-	-	(1,187,836.85)		No	Not applicable
BPDM	(13,172.00)	(50,000,000.00)	-	-	(50,013,172.00)		No	Not applicable
EEDG	(25,301.17)	-	25,301.17	-	(0.00)		No	Not applicable
DPLG	(2,030,802.96)	(2,000,000.00)	-	-	(4,030,802.96)		No	Not applicable
DSAC - Sun City	(34,995.00)	-	-	-	(34,995.00)		No	Not applicable
DSAC - Afcon	-	-	-	-	-		No	Not applicable
DWAF	(357,926.07)	-	-	-	(357,926.07)		No	Not applicable
EPWP	0.10	(3,545,000.00)	-	3,544,999.90	-	-100%	No	Not applicable
FMG	-	(1,700,000.00)	-	1,700,000.16	0.16	-100%	No	Not applicable
LOTTERY	(11,771.00)	-	-	-	(11,771.00)		No	Not applicable
MSIG	-	-	-	-	-		No	Not applicable
OTHER	(7,543,744.05)	-	-	-	(7,543,744.05)		No	Not applicable
HOUSING - DPLG	(442,590.00)	-	-	-	(442,590.00)		No	Not applicable
RBA WESTERN BY PASS	(4,563,739.00)	-	-	-	(4,563,739.00)		No	Not applicable

Name of Grant	Opening Balance	Grants Received	Grants Withheld	Grants Utilized	Closing Balance	Percentage of Grants Utilized	Delayed and/or withheld	Reason for Delay / Withholding of Funds
MINES	-	-	-	-	-		No	Not applicable
NEIGHBOURHOOD	-	(5,000,000.00)	-	-	(5,000,000.00)		No	Not applicable
SEED	(422,186.00)	-	-	-	(422,186.00)		No	Not applicable
SKILLS LEVY	(572,132.41)	-	-	-	(572,132.41)		No	Not applicable
HOUSING PROJECT ACCOUNT	(15,305,872.44)		-	-	(15,305,872.44)		No	Not applicable
INEP	-	(10,038,000.00)	-	10,038,000.00	-	-100%	No	Not applicable
DSAC - Library	(3,774,000.00)	(1,362,000.00)	-	2,436,766.68	(2,699,233.32)	-47%	No	Not applicable
MIG	-	(262,586,000.00)	-	251,570,178.62	(11,015,821.38)	-96%	No	Not applicable
PTIS	-	-	-	-	-		No	Not applicable
PTNS	-	(396,629,000.00)	-	213,818,556.35	(182,810,443.65)	-54%	No	Not applicable
GRANT RENOVATION OLD MARIKANA HOUSE	(7,067.00)	-	-	-	(7,067.00)		No	Not applicable
NSCOOP	(89,272.53)	-	-	-	(89,272.53)		No	Not applicable
WSIG	(10,274,121.41)	(80,700,000.00)	10,274,121.41	68,238,257.26	(12,461,742.74)	-85%	No	Not applicable
	(46,426,079.29)	(1,408,497,450.49)	-	1,156,353,181.55	(298,570,348.24)			

**APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/ RENEWALPROGRAMME: INCLUDING MIG**

Annexure M: \_Total Capital Expenditure

Capital Expenditure	Amount
15 inch Mac book	128,999.96
Freedom Park Phase 5 Cert 10	375,051.96
Freedom Park Roads Phase 5 Cert 11	936,842.56
Freedom Park Storm Water Drains Cert 8	417,943.64
Phatsima (Mathopestad) Roads Phase 7	522,200.00
Phatsima Phase 7 cert 1 Roads	1,253,217.15
Replacement Of Tlhabane Ac Sewer Cert 5	611,394.06
Rustenburg Flea Market CT 3	199,412.11
Hardware (Scanners)	608,695.65
(Rasimone Internal Roads & Stormwaterter	2,604,037.24
10m3 Tippper,Chassis Cab fitted,Meiler	25,818,175.63
20 hp Pro Book 4	317,674.26
20 L Silver Microwave	937.39
30Ton 6x4 Truck Tractor	5,696,655.53

Capital Expenditure	Amount
46 HP450 ProBook G5 Laptops Processor	492,798.00
4x4 TLB, Case 570T TLB	30,815,241.88
5Ton Rol Back CLA-15-220(4x2)	3,987,658.87
7 Ton Payload Platform Truck(4x2)	5,336,866.76
8 Ton ChasisTruck with Container Locks	3,331,344.19
8Ton 5m3 Tipper Truck(4x2)	5,713,312.41
Capital Expenditure	Amount
AC PIPE WATER METERS ZINNIIVILLE CT1	598,998.40
AC PIPES WATER METERS RTB&EXTENSION CT3	268,103.00
AIRCONS	107,050.00
AUDIO AND DIGITAL SYSTEMS	46,500.00
BACK UP GENERATOR 100KVA	275,000.00
Barseba Drought Relief Borehole	1,020,279.15
Barseba Village Drought Relief Borehole	460,800.00
Barseba Village Drought Relief Borehole	547,630.44
Barseba Village:Drought Relief Borehole	301,813.04

Capital Expenditure	Amount
Bethanie Drought Relief Borehole	519,882.88
Bethanie Village Drought Relief Borehole	1,250,847.02
Bethanie Village: Drought Relief	650,857.37
BKT Roads 22 (W40) Contingencies	297,909.09
BLOWER	6,191.50
Boitekong W22 (40) Cert 6	1,507,874.19
Boitekong roads & stormwaterter drainage	382,959.15
Boitekong Roads 22 ( 20)	449,330.00
Boitekong Roads 22 (W20) Cert 6	1,114,509.00
Boitekong Roads 22 ( 20)	44,855.00
Boitekong Roads 22 ( 20) Cert 5	950,429.00
Boitekong Roads 22 ( 20) Cert.2	381,550.00
Boitekong Roads 22 ( 40) Cert.2	608,648.00
Boitekong Roads 22 Pha 6 Phokeng W5	1,464,410.69
Capital Expenditure	Amount

Capital Expenditure	Amount
Boitekong Roads 22(( 21) Cert3	273,217.52
BOITEKONG ROADS 22( 20) CERT 02	44,855.00
Boitekong Roads 22( 21)	1,340,617.83
BOITEKONG ROADS 22( 21) CERT 02	44,855.00
Boitekong Roads 22( 21) Cert 4	796,192.28
BOITEKONG ROADS 22( 40) CERT 02	44,855.00
Boitekong Roads 22( 40) Cert3	804,642.68
Boitekong Roads 22(20) Cert 4	1,204,330.00
Boitekong Roads 22(21) Cert 5	720,489.02
Boitekong Roads 22 ( 21) Cert.2	281,500.00
Boitekong W22 (W40) Cert 7	1,914,816.01
Boitekong 22 (W40) Cert 5	654,553.08
Boitekong 22 ( 21) Roads	44,855.00
Boitekong 22 ( 40) Cert 4	497,636.78
Boitekong 22 Phase 6 Roads ct2	265,847.83
Boitekong 22 Roads	925,647.59



Capital Expenditure	Amount
Boitekong 22(W21) CERT06	775,216.21
Boitekong 22( 40) Roads	44,855.00
Boitekong 22( 40) Roads cert 1	987,188.34
Boitekong 22(20) ROADS CERT 01	998,446.09
BOITEKONG 22(20) ROADS(SUE PHAL)CT01	48,368.00
BOITEKONG 22(21) ROADS(TORO)CT01	48,368.00
BOITEKONG 22(40) ROADS(LEKGATLH)CT01	48,368.00
BRUSH CUTTER	29,800.00

Capital Expenditure	Amount
BTK Roads W22 (W21) Cert 7	1,582,136.29
BTK Roads W22 (W21) Cert 7	175,792.92
BTK W22 (Phokeng W5) Cert 3	889,100.00
BTK W22 (Phokeng W6) Cert 3	897,040.00
BTK W22 Ga-Luka 3 Cert1	718,182.50
BTK W22 Ga-Luka 4 Cert 1	723,370.00

Capital Expenditure	Amount
CARWASH FACILITY 20% DEPOSIT PMT	140,000.00
CARWASH FACILITY 30% PROGRESS PMT	210,000.00
Cert 7 Monnakato Waste Water Treatment	61,503.40
Cession payment: Lekga Ramochana Roads	142,446.56
Cession : DKPB Phatsima Roads Phase 7	1,400,061.74
Cession From Lekgatlhisso Ramochana Roads	176,750.00
Cession from Lekgatlhisso Ramochana roads	96,100.00
Cession Good Purpose Construction	539,600.00
Cession Lekgatlhisso Construction	763,549.40
Cession Lekgatlhisso Construction 3	2,487,917.82
Cession Lekgatlhisso Construction 4	1,508,377.07
Cession Modulaodira Rasimone P2	119,574.57
Cession MPJ Nice Rasimone P3	314,804.36
Cession Ramochana PHASE 5 Roads cert11a	8,360.00
Cession Toro Ya Bakwena	699,561.56
Cession: Lekgatlhisso Ramochana	97,018.00

Capital Expenditure	Amount
Capital Expenditure	Amount
Cession: Lekgatlhiso Ramochana Roads	39,591.40
Cession: MPJ Nice Robega Phase 2	266,665.00
Cession: MPJ Nice Robega Roads Phase 2	66,186.00
Cession: Sue Phalane Marikana	421,859.27
Cession:Dwellers Trading Lethabong W28	2,812,061.97
Cession:MPJ Nice Robega Roads Phase 2	33,285.10
Cession:Thaw Construction Phokeng 5	916,150.00
Cession:Thaw Construction Phokeng 6	562,240.00
Cession:Thaw Phokeng Roads 5	1,006,144.48
Cession:Thaw Phokeng Roads 6	900,251.52
CESSION:TORO YA BAKWENA BTK W22(W21)	523,500.00
CHAINSAWS	50,000.00
CHAIRS	18,025.00
CHANENG PHASE 2 ROADS CERT 12	39,996.00
CHANENG PHASE 2 ROADS&STORM Cert 1	588,505.00

Capital Expenditure	Amount
CHANENG PHASE 2 ROADS&STORMWATER TER CT11	39,996.00
Chaneng Roads Phase 2	1,079,165.00
Chaneng Roads Phase 2 Cert 5	309,238.00
Chaneng Roads Phase 2 Cert. 3	393,811.46
Chaneng Roads Phase 2 Cert.2	990,000.00
Chaneng Roads Phase2 Cert2	110,000.00
CIRCULATION DESK	97,500.00
Computer Equip_IT Laptops	682,199.39
CONSTR RRT FEEDER ROUTE PHASE 1A CERT18	2,798,146.30
Capital Expenditure	Amount
CONSTR RRT FEEDER ROUTE PHASE 1A CERT19	2,080,853.02
CONSTR RRT FEEDER ROUTE PHASE 1A CERT20	1,802,995.70
Construction of Chaneng Phase 2 Roads &	39,996.00
Construction of Freedom Park Roads & Sto	40,777.00
construction of Freedompark roads and st	276,768.00
Construction of Phatsima Roads & Stormwater	40,777.00

Capital Expenditure	Amount
Construction of Rasimone Stormwaterterter & Ro	374,100.00
Construction of Robega Phase 2 Roads & S	39,996.00
Construction of Seraleng Roads & Stormwater	39,996.00
CONSTRUCTION OF SONDELA PHASE 5	663,334.06
Construction Of The R.R.T Stations CERT1	14,000,000.00
Construction of Tsitsing Roads & Stormwater	39,996.00
CONSTRUCTION TSITSING PHASE 5 ROADS	586,071.68
Construction tsitsing Phase 5 Roads & St	170,221.50
CONTROL CENTRE DEVELOPMENT - 10% PROGRES	400,000.00
CONTROL ENTRE DEVELOPMENT - 30% PROGRESS	1,200,000.00
CONTROL ENTRE DEVELOPMENT - 60% PROGRESS	2,400,000.00
CORRECTION OF INCORRECT VOTE (GENERATOR RYOBI)	22,900.00
Crawler Mounted Hydraulic Excavator	2,748,386.44
Design & construction of RRT CBD North	23,539,620.11
DESIGN AND CONSTRUCTION OF HE RUSTENBURG	11,554,723.53
Dinie Estate Drought Relief Borehole	1,501,616.61

Capital Expenditure	Amount
Dinie Estate:Drought Relief Borehole	188,804.01
Double drum,Walk behind hydrostatic driv	9,794,049.97
Capital Expenditure	Amount
Electricification of Seraleng Phase 5 C1	3,168,529.41
Electrificaion of Seraleng Phase 5 Cert2	1,631,814.30
Electrification of Seraleng Phase 5	708,102.00
Electrification Seraleng P 5 Cert3 P13	996,295.49
EXT OF PHATSIMA,MANAKATO& EAST	26,968.76
FENCING AT STRUMUSA	188,188.00
Freedom Park Phase 5 Cert 13	530,240.00
Freedom Park cert 6 roads&stormwaterter	40,777.00
Freedom Park Phase 5	40,777.00
Freedom Park Phase 5 Cert 12	450,875.00
FREEDOM PARK PHASE 5 CERT 4 ROADS&STORMW	449,226.72
FREEDOM PARK PHASE 5 CERT 6 ROADS&STORM	324,057.80
FREEDOM PARK PHASE 5 ROADS CERT 08	40,777.00

Capital Expenditure	Amount
FREEDOM PARK PHASE 5 ROADS&STOM CT07	40,777.00
FREEDOM PARK PHASE ROADS&STORM CERT 9	618,780.69
FREEDOM PARK ROADS AND STORM WATER PH 5	81,554.00
Freedom Prk PHASE 5 CERT 7 ROADS&STORM	667,253.13
Front End Loader, Front End Loader	3,031,553.53
FUEL DEPOT CONSTRUCTION - 10% PROGRESS P	1,100,000.00
FUEL DEPOT CONSTRUCTION - 30% PROGRESS P	3,300,000.00
FUEL DEPOT CONSTRUCTION - 60% PROGRESS P	6,600,000.00
FUEL DEPOT SECURITY UPGRADE - 10% PROGRE	49,500.00
FUEL DEPOT SECURITY UPGRADE - 30% PROGRE	148,500.00
FUEL DEPOT SECURITY UPGRADE - 60% PROGRE	297,000.00
Capital Expenditure	Amount
FURNITURE	26,500.00
Ga-Luka Roads Phokeng 5 Cert.1	386,600.00
Ga-Luka Roads Phokeng 6 Cert.1	353,100.00
Goods Received Voucher	3,864,870.08

Capital Expenditure	Amount
High Mast Light in Mosenthal/ Ikageng ct6	296,900.22
Incorrect allocation of VAT (8/8/2018)	74,834.10
INCORRECT ALLOCATION	1,808,489.40
Incorrect allocation: Input VAT denied	2,995,169.28
Installation of High in Kanana Phase 5	1,137,196.19
INVOICE	12,551,584.88
Kanana High Mast Phase 2 Cert 4	190,679.56
LAND MOWERS	49,800.95
Lekgalong Drought Relief Borehole	960,848.80
Lekgalong Phase 3 water supply project	112,573.34
LEKGALONG PHASE 4 WATER SUPPLY	1,826,099.92
LEKGALONG PHASE 4 WATER SUPPLY - PROF FE	230,264.34
Lekgalong Village Drought Relief Borehole	2,498,074.43
Lekgalong Village:Drought Relief Borehole	259,427.74
Lethabong 27 Sewer Networks Cert.1	1,005,475.43
Lethabong 27 Toilet Structures	48,513.00



Capital Expenditure	Amount
Lethabong 28 Sewer & Toilet Cert.1	266,571.43
Lethabong 28 Toilet Structures	48,513.00
Low Bed Trailer 30Ton,Tri Axle Rigid	2,105,430.58
Marika Tlapa-Maumong Roads 29 Cer 1	371,491.50
Capital Expenditure	Amount
Marikana (Ranke & Mabitse) 29 Cert 4	786,600.00
Marikana (Tlapa-Maumong) 29 Cert 2	419,978.63
Marikana Internal Roads cert 01 Phase 5	1,696,507.97
Marikana RDP & Tlapa 31 C 3	2,558,376.39
Marikana RDP & Tlapa 31 Cer 1	416,900.00
Marikana RDP & Tlapa 31 Cert 2	676,021.14
Marikana Roads (Rank&Mabi W29) C3	58,500.00
Marikana Roads 29 (Rank&Mabi)Cert2	249,500.00
MARIKANA SOLID WASTE	792,086.96
Marikana Waste Transfer CERT 6	39,996.00
Marikana Waste Transfer Station cert 6	39,961.22

Capital Expenditure	Amount
Marikana Waste Transfer Station cert 7	258,504.40
Marikana Waste Transfer Station Cert 9	1,284,451.02
Marikana Waste Transfer Station Cert10	650,535.00
Mast Light in Mosenthal/ Ikageng CT4	39,996.00
MAUMONG WATER SUPPLY - PROF FEES	89,391.93
MAUMONG WATER SUPPLY PHASE 2	67,888.58
MERITING & SERALENG ROADS	111,194.61
MERITING 4&5 ROADS&STORMWATERTER CT 11	39,996.00
Meriting Ext 5 link Roads cert 7	507,664.46
MERITING PHASE 7 INTERNAL ROADS CERT 02	490,131.75
Meriting Phase 7 Internal Roads cert 1	898,147.88
Meriting Roads & Stormwaterter 18 C 2	191,210.46
Meriting Roads & Stormwaterter 18 Phas	39,996.00
Capital Expenditure	Amount
Meriting Roads & Stormwaterter 18 Cert1	287,062.50
Meriting Roads EXT 5 ROADS CERT 07	326,250.00

Capital Expenditure	Amount
Meriting Roads 18 Phase 4 Cert 3	2,479,685.76
Meriting X5 roads & stormwaterter: seraleng	992,236.50
MERITING X5:SERALENG ROADS CERT 9	298,250.00
MERITING&SERALENG ROADS CERT 11	62,795.92
Modikwe Drought Relief Borehole	1,081,002.67
Modikwe Village Drought Relief Borehole	571,648.70
Modikwe Village:Drought Relief Borehole	823,100.87
MONAKATO WASTE TREATMENT WORK CERT 4	1,011,093.75
Monakato Waste Water Treatment Cert.9	730,988.60
Monakato Waste Water Treatment Works	634,963.07
Monakato Waste Water Treatment Works Pro	39,996.00
Monnakato Waste Treatment	39,996.00
Monnakato Waste Water Cert 11	492,503.00
Monnakato Waste Water Treatment cert 5	39,996.00
Monnakato Waste Water Treatment CERT7	569,847.50

Capital Expenditure	Amount
MONNAKATO WASTE WATER TREATMENT CT 07	39,996.00
Monnakato Waste Water Treatment CT 08	58,755.90
MONNAKATO WASTE WATER TREATMENT CT06	39,996.00
Monnakato Waste Water Treatment CT08	239,520.00
Mosentha/ Ikageng Phase 2 ct5	765,329.34
Mosenthal HighMast phase2 cert 04	146,106.43
Capital Expenditure	Amount
Motor grater, GD 675-5 Motor Grader	6,246,316.16
Nkaneng Village Drought Relief Borehole	310,687.83
Noord AC Pipes & Aged Water Meters Cer2	1,451,904.26
Phatsima roads & stormwaterter phase6	205,527.24
PHATSHIMA - EXTENSION OF LIBRARY	492,679.95
Phatsima (Matho) Roads Phase 7 Cert4	318,000.00
Phatsima (Mathopestad) Roads Pha 7 Cert2	1,958,824.00
PHATSIMA LIBRARY EXTENSION	125,383.50
Phatsima Mathopestad Phase 7 Roads	48,368.00

Capital Expenditure	Amount
PHATSIMA PHASE 6 ROADS&STORMWATERTER CERT 7	293,453.55
Phatsima Phase 6 Roads&Stormwaterter Cert10	40,777.00
PHATSIMA PHASE 6 ROADS&STORMWATERTER CT11	39,996.00
PHATSIMA PHASE 7 ROADS&STORMWATERTER CERT 2	1,295,132.06
Phatsima Roads (Mathopestad)Phase7 Cert3	1,434,519.00
Phatsima Roads And Stormwaterter P7 Cert 6	2,986,576.86
Phatsima Roads Phase 7 Cert 4	1,011,463.06
Phatsima Roads Phase 7 Cert.1	878,450.00
Phatsima Roads Phase 7 Cert2	2,926,855.80
Phatsima Roads Phase7 Cert03	3,233,530.80
Phatsima(MATHO) Roads P7 Cert 5	164,937.95
Phatsima(MATHO)) Roads P7 Cert 5	1,484,441.55
Phokeng Roads 5 Cert 2	304,400.00
Capital Expenditure	Amount
Phokeng Roads 6 Cert 2	243,000.00

Capital Expenditure	Amount
Professional Fees	6,130,434.78
Professional Fees - BTK Roads Cert.3	347,335.51
Professional Fees Boitekong Roads 22	260,390.28
Professional Fees Boitekong 22 P6	297,637.62
Professional Fees BTK Roads Cert 3	1,270,511.99
Professional Fees BTK Roads 22	702,362.40
Professional fees BTK roads 22 W40	44,855.00
Professional Fees BTK Roads 22(W40)	44,855.00
Professional Fees BTK W 22 Mogo&Luka C5	775,753.39
Professional Fees BTK W22 (W20) Cert 8	44,855.00
Professional Fees BTK W22 (W21) Cert 8	44,855.00
Professional Fees BTK W22 (W40) Cert 8	44,855.00
Professional Fees BTK 22 ( 21)	44,855.00
Professional Fees BTK 22 ( 20)	44,855.00
Professional Fees BTK 22 (40)	44,855.00
Professional Fees BTK 22 Roads Cer7	401,615.74

Capital Expenditure	Amount
Professional fees BTK 22 20	44,855.00
Professional fees BTK 22 21	44,855.00
Professional Fees BTK 22(W21)	44,855.00
Professional Fees BTK 22(W20)	44,855.00
Professional Fees Chaneng Phase 2	39,996.00
Professional Fees Chaneng Roads Phase 2	79,992.00
Professional Fees Freedom Park P5 Cert4	237,933.33
Capital Expenditure	Amount
Professional Fees Freedom Park Phase 5	81,554.00
Professional Fees Freedom Park Phase5	40,777.00
Professional Fees Ga-Luka PH W5 Cert 3	44,855.00
Professional Fees Ga-Luka Phokeng 5	48,368.00
Professional Fees Lekgalong Phase 4	326,207.82
Professional Fees Lethabong 27 Toil	45,000.00
Professional Fees Lethabong 28 Toil	45,000.00
Professional Fees Marikana	48,513.00

Capital Expenditure	Amount
Professional Fees Marikana Outfall Cert2	281,357.52
Professional Fees Marikana Phase 5	2,192,812.17
Professional Fees Marikana Solid Waste	499,623.73
Professional Fees Marikana Transfer	39,996.00
Professional Fees Monakato Waste	39,996.00
Professional fees Monakato Waste Water	101,499.40
Professional Fees Monakato Waste Works	39,996.00
Professional Fees Mpheni House	4,347,826.09
Professional Fees Mpheni Refurbishment	3,086,956.52
Professional Fees Phatsima (Matho) Pha 7	44,855.00
Professional Fees Phatsima Cert 6	44,855.00
Professional Fees Phatsima Mathopestad	44,855.00
Professional Fees Phatsima P6 Cert6	22,750.00
Professional Fees Phatsima P7 Cert7	164,948.78
Professional Fees Phatsima Phase 7	110,000.00
Professional fees Phatsima Roads	152,850.24



Capital Expenditure	Amount
Capital Expenditure	Amount
Professional Fees Phatsima Roads P 7	44,855.00
Professional Fees Phatsima Roads P7	581,772.24
Professional Fees Phatsima Roads Phase 7	89,710.00
Professional Fees Phatsima(Mathope) P7	44,855.00
Professional Fees Phokeng 6	48,368.00
Professional Fees Ranke & Mabi W29 Cert3	45,000.00
Professional Fees Rankelenyane Village	278,306.68
Professional fees Rasimone P2	40,777.00
Professional Fees RRT Stations Superstru	1,099,932.18
Professional Fees RRT Superstructures	549,966.10
Professional Fees RRT Superstructures	549,966.10
Professional Fees RRT Superstructures St	549,966.10
Professional Fees RTB & Ext AC Pipes	654,893.31
Professional Fees RTB & Exts AC Pipes	903,600.74
Professional Fees RTB Flea Market	684,215.70

Capital Expenditure	Amount
Professional Fees RTB Flea Market Cert 8	44,855.00
Professional Fees RTB Noord AC Water C4	769,366.25
Professional Fees Rustenburg North Cert2	1,998,048.84
Professional Fees Seraleng	39,996.00
Professional Fees Seraleng Phase 5 Cert2	263,617.25
Professional Fees Seraleng Roads Cert 15	39,996.00
Professional Fees Tierkloof Reservoir	2,357,935.03
Professional Fees Tlapa & Maumong Cert2	45,000.00
Professional Fees TLH AC Sewer Project A	40,777.00
Capital Expenditure	Amount
Professional Fees TLH AC Sewer Project B	40,777.00
Professional Fees TLH AC Sewer Sec A C13	40,777.00
Professional Fees TLH AC Sewer Sec B C13	40,777.00
Professional Fees TLH AC Water Project B	40,777.00
Professional Fees TLH AC Water ProjectA	40,777.00
Professional Fees TLH AC Water Sec A C13	40,777.00

Capital Expenditure	Amount
Professional Fees TLH AC Water SecB C 13	40,777.00
Professional Fees Tlhabane AC Sewer	150,790.68
Professional fees Tlhabane AC Sewer B	40,777.00
Professional Fees Tlhabane AC Sewer Pha2	1,786,719.43
Professional fees Tlhabane AC Sewer ProA	40,777.00
Professional Fees Tlhabane AC Sewer ProB	40,777.00
Professional Fees Tlhabane AC Water	209,284.38
Professional Fees Tlhabane Ac Water	40,777.00
Professional Fees Tlhabane AC Water B	40,777.00
Professional Fees Tlhabane AC Water ProB	40,777.00
Professional Fees Tlhabane Bulk & Sewer	2,922,463.56
PROFESSIONAL FEES TLHABANE BULK SEWER LI	264,402.02
Professional Fees Tlhabane Sewer Proje A	40,777.00
Professional Fees Tlhabane Water Proj A	40,777.00
Professional Fees Tsitsing P4 Cert 8	56,174.78
Professional Fees Tsitsing Roads Phase 4	43,767.32

Capital Expenditure	Amount
Professional Fees 31 RDP-Tlapa Cert2	45,000.00
Professional Fees Zinnavile AC Water C 6	160,245.39
Capital Expenditure	Amount
Professional Fees Zinnaville&Karlienpark	160,245.39
Professional Fees Zinniavile Cert7	128,929.91
Professional Fees: BTK W22 (W20) C 9	44,855.00
Professional Fees: BTK W22 (W20) Cert 7	44,855.00
Professional Fees: BTK W22 (W21) C 9	44,855.00
Professional Fees: BTK W22 (W21) Cert7	44,855.00
Professional Fees: BTK W22 (W40)	44,855.00
Professional Fees: BTK W22 (W40) C 9	44,855.00
Professional Fees: BTK W22 Cert 8	511,576.53
Professional Fees: BTK W22 Ga-Luka C6	158,889.30
Professional Fees: Chaneng phase 2 Cer17	39,996.00
Professional Fees: FDP Western Bulk C 2	45,000.00
Professional Fees: Ga Luka W5 C4	44,855.00

Capital Expenditure	Amount
Professional Fees: Ga-Luka W3,4,5&6	2,091,167.16
Professional Fees: Ga-Luka W4	45,000.00
Professional Fees: Marika(Rank&MabW29 C2	45,000.00
Professional Fees: Marikana Waste	39,996.00
Professional Fees: Noord AC Pipes	437,286.10
Professional Fees: PH W5 C2	44,855.00
Professional Fees: PH W6 C2	44,855.00
Professional Fees: Phastima Phase 7 C5	44,855.00
Professional Fees: Phat(Matho) Phase7 C5	44,855.00
Professional Fees: Phatsima Phase 7 C7	44,855.00
Professional Fees: Phatsima Roads Cert.1	48,368.00
Capital Expenditure	Amount
Professional Fees: Rank&Mabi W29 C 4	45,000.00
Professional Fees: RDP Tlapa Cert1	48,513.00
Professional Fees: RDP-Tlapa W31 C 3	45,000.00
Professional Fees: Reraleng Roads C14	39,996.00

Capital Expenditure	Amount
Professional Fees: RRT Superstructur C 7	549,966.10
Professional Fees: RTB Flea Market	127,780.87
Professional Fees: RTB Flea Market Cert7	44,855.00
Professional Fees: Tlapa-Maumong C3	45,000.00
Professional Fees: Tlapa-Maumong C1	48,513.00
Professional Fees: TLH Sewer Sec A C 14	81,554.00
Professional Fees: TLH Water Sec A C 14	40,777.00
Professional Fees: TLH Water Sec B C 14	40,777.00
Professional Fees:TLH AC Sewer ProjA C12	40,777.00
Professional Fees:TLH AC Sewer ProjB C12	40,777.00
Professional Fees:TLH AC Water ProjA C12	40,777.00
professional Fees:TLH AC Water ProjB C12	40,777.00
Professional Fees:Tlhabane AC Water Cer9	183,245.00
PROJECTORS	19,000.00
PUMP	9,700.70
Purchase Order	50,257,401.36

Capital Expenditure	Amount
RALEM001 UPGRADING OF PHATSIMA PHASE 7	550,078.63
RAMOCHANA & SINDELA PHASE 5 CERT14	465,260.00
Ramochana & Sondela Roads Phase5 Cert 19	195,125.00
RAMOCHANA & SONDELA 18 ROADS CT 13	39,996.00
Capital Expenditure	Amount
Ramochana Roads Phase 5 Cert.16	146,125.70
Ramochana&Sondela crt12a Roads&storm	10,565.00
RAMOCHANA&SONDELA 18 ROADS CERT 14	39,996.00
Rankelenyane & Mabitse W29 C5	613,730.00
RANKELENYANE WATER SUPPLY - PROF FEES	172,954.30
Ranklenyane water supply cert 5	1,747,825.50
Rasimone Phase 2 cert12 Roads	40,777.00
Rasimone Phase 2 Roads	40,777.00
RASIMONE PHASE 3 CERT 8 ROADS	342,640.10
RASIMONE PHASE 3 cert6a Roads&Stormwaterter	66,521.74
RASIMONE PHASE3 CERT 5 ROADS&STORMWATERTER	231,135.00

Capital Expenditure	Amount
RASIMONE ROADS & STORMWATER TER	446,430.23
Rasimone Roads Phase 3	39,996.00
RBH Fingerprint Reader	639,773.30
RBH Fingerprint Reader, Build-in keypad	1,718,916.74
Rear-End Waste Compactor, New Oracki	8,061,120.65
Refurb of Phatsima Lib	52,371.00
REFURBISHMENT OF EAST END LIBRARY	781,211.33
REFURBISHMENT OF LIBRARY	60,922.00
REFURBISHMENT OF MONAKATO	89,098.93
Refurbishment of Rustenburg main library	52,108.09
REFURBISHMENT OF VIC	750,714.90
REFURBISHMENT OF WATERVAL LANDFIL SIDE	313,775.00
Replacement of Tlhabane AC Bulk	556,470.00
Capital Expenditure	Amount
REPLACEMENT OF TLHABANE AC BULK SEWER	809,483.48
Replacement of Tlhabane AC bulk water	1,497,654.67



Capital Expenditure	Amount
Replacement of Tlhabane AC bulk sewer	89,942.01
RESCUE PUMPER 50% DEPOSIT	1,751,428.01
RETENTION	7,289,258.60
Retention for the refurbishemnt of Phatsima	8,666.55
Retention for the refurbishment of East	9,373.27
Retention for the refurbishment of Monakato	30,789.76
Retention for the refurbishment of Phatsima	8,666.55
Retention Retained	1,783,539.03
RETENTION RETAINED TLHABANE AC SEWER CT7	202,944.34
Ride On Lawn mower with 50"	1,399,078.62
RLM0012/Fingerprint reader(9500)	1,724,606.26
Robega High Mast Lights Phase 2 Cert 4	606,650.43
Robega High Mast P2 Ct 4	141,127.07
ROBEGA PHASE 2 CERT 6 ROADS&STORW	230,570.44
ROBEGA PHASE 2 ROADS AND STORMWATERTER	39,996.00
ROBEGA PHASE 2 ROADS CERT 14	39,996.00

Capital Expenditure	Amount
ROBEGA PHASE 2 ROADS&STORMWATERTER CT 13	39,996.00
Robega Phase2 cert 12 Roads&Stormwaterter	39,996.00
RRT CBD NORTH SECTION B CERT 25	11,907,205.15
RRT CBD NORTH SECTION B CERT 26	5,410,216.88
RRT Contract A CBD North Sec. A	1,161,082.35
RRT CONTRACT A CBD NORTH SECTION A CT26	12,437,192.35
Capital Expenditure	Amount
RRT CONTRACT A CBD NORTH SECTION A CT27	6,557,166.63
RRT Stations	3,802,469.13
RRT Stations Superstructures Cert 3	4,586,266.67
RRT Superstructures Cert 6	3,966,300.21
RTB Noord AC Pipes Cert 1	1,090,221.19
RTB Noord AC Pipes Cert 3	4,294,396.00
Rustenburg Ac Pipes - Noord - cert 01	2,229,605.77
RUSTENBURG CBD REPLACE AC PIPES	928,183.37
Rustenburg Flea Market	1,083,683.10

Capital Expenditure	Amount
RUSTENBURG FLEA MARKET CERT 01	48,368.00
RUSTENBURG FLEA MARKET CERT 02	44,855.00
Rustenburg Flea Market cert 1	5,275,240.00
Rustenburg Flea Market Cert 2	1,135,892.10
Rustenburg Flea Market Cert 4	1,021,957.40
Rustenburg Flea Market Cert 5	893,349.48
Rustenburg Flea Market Cert 6	499,579.24
Seraleng Ct 8 Roads&Stormwaterter	450,150.00
Seraleng Meriting X5 Roads Cert2	1,099,857.50
SERALENG ROADS&STORMWATERTER CERT 11	39,003.09
SERALENG ROADS&STORMWATERTER CERT 12	39,996.00
Seraleng: Meriting X5 Cert 1	1,343,408.50
Slasher, Falcom Tractor Slasher	3,398,005.05
Storm Water Drains - Phatsima CERT 9	516,539.37
Sue Phalane BTK W22 (W20)	659,836.77
Capital Expenditure	Amount

Capital Expenditure	Amount
SURETY RETAINED	3,169.00
THREE PHASE ELETRICAL UPGRADE	150,000.00
Tlhabane AC Bulk Sewer Project A Cert 6	1,416,499.31
Tlhabane AC PIPELIN REPLACE PROJCT A Ct8	637,554.60
Tlhabane AC Replacement Pipeline Section	166,860.00
Tlhabane AC replacement pipline section	1,041,149.36
Tlhabane AC Replacement Sectioon B	2,100,745.50
Tlhabane AC Section B Cert 9	288,971.73
Tlhabane Ac Sewer Bulk CERT 5	40,777.00
Tlhabane Ac Sewer Bulk Line Cert 7	1,024,999.07
Tlhabane Ac Sewer Bulk PROJECT B CERT 5	40,777.00
Tlhabane Ac Sewer Bulk Projet B CERT 6	1,265,281.80
TLHABANE AC SEWER PROJECT A REPLACE CT07	40,777.00
TLHABANE AC SEWER PROJECT B REPLACE CT07	40,777.00
Tlhabane AC Sewer Replacement	81,554.00
Tlhabane AC Sewer Replacement Project A	40,777.00

Capital Expenditure	Amount
Tlhabane AC Sewer Replacement Project B	40,777.00
TLHABANE AC WATER /B	201,011.50
Tlhabane AC WATER BULK sec B CT 06	2,207,776.50
Tlhabane AC WATER PA CERT 5	40,777.00
Tlhabane AC Water Project B	40,777.00
Tlhabane AC Water Project B Cert 11	909,121.99
TLHABANE AC WATER PROJECT B REPLACE CT07	40,777.00
Tlhabane AC Water Replace Proj A Cert 10	1,302,698.01
Capital Expenditure	Amount
Tlhabane AC WATER REPLACEMENT SECTION B CT7	1,085,305.64
Tlhabane AC Water Replacement	40,777.00
Tlhabane AC Water Replacement Cert. 8	338,367.99
Tlhabane AC Water Replacement Project A	40,777.00
Tlhabane AC Water Replacement Project B	40,777.00
Tlhabane AC WATER REPLACEMENT Cert 08	214,511.40
Tlhabane AC Water Sec A Cert 12	991,912.48

Capital Expenditure	Amount
Tlhabane AC Water Sec A Cert 13	2,035,668.46
Tlhabane AC Water Sec B Cert 12	1,394,188.73
Tlhabane AC Water Sec B Cert 13	1,503,329.00
TLHABANE AC WATER/B	555,808.25
Tlhabane ACSewer Bulk Line Proj B Cert10	1,824,424.91
TLHABANE CT 7 BULK LINE WATER AC REPLACE	231,437.10
Tlhabane Prjct A Ac Bulk Water cert 6	1,088,672.44
TLHABANE PROJECT A AC SEWER REPLAC CT06	40,777.00
TLHABANE PROJECT A AC WATER REPLAC CT 06	40,777.00
TLHABANE PROJECT A AC WATER REPLACE CT 7	40,777.00
TLHABANE PROJECT B AC WATER REPLACEMENT	40,777.00
TLHABANE PROJECT B AC SEWER REPLAC CT 06	40,777.00
TLHABANE PROJECT B AC WATER REPLAC CT06	40,777.00
TLHABANE SECTION A AC WATER CERT 07	1,644,896.90
Tlhabane Water AC Project A Cert 11	1,246,811.74
Tlhabane Water AC Replacement Project A	686,010.03

Capital Expenditure	Amount
Tlhabane Water Ac Rplc Sec B CERT 5	690,480.40
Capital Expenditure	Amount
Tractor 4x2 JX 75	5,496,772.88
TRACTOR SLASHERS	131,000.00
Tsitsing Phase 4 Roads and Stormwaterter cert 12	277,826.25
Tsitsing Phase 5 Cert 5 Roads&stormwaterter	93,460.47
TSITSING PHASE 5 ROADS AND STORMWATERTER	39,996.00
TSITSING PHASE 5 ROADS&STORMWATERTER	321,522.12
TSITSING PHASE 5 ROADS&STORMWATERTER CERT 6	265,860.27
Tsitsing Phase 5 Roads&stormwaterter Cert 8	75,614.68
TSITSING PHASE 5 ROADS&STORMWATERTER CT 10	39,996.00
TSITSING PHASE ROADS CERT 11	39,996.00
Tsitsing Roads & Stormwaterter Phase 5	60,178.10
Tsitsing Roads Phase 4	188,661.18
TSITSING ROADS&STORMWATERTER CERT 9	39,996.00
TWO WAY RADIO REPEATER INSTALLATION AND	350,000.00

Capital Expenditure	Amount
TYRE FITMENT FACILITY 20% PROGRESS PMT	190,000.00
TYRE FITMENT FACILITY 30% PROGRESS PMT	285,000.00
Upgrade - Marikana Outfall Sewer CERT 01	761,089.64
Upgrade Roads_Ramochana CERT 12	39,996.00
Upgrade - Roads_Ramochana Phase 5 Cert 9	67,672.17
UPGRADE BOITEKONG ROADS CRT01	1,707,085.73
Upgrade Of Monnakato Waste Water Cert10	1,108,513.00
UPGRADE OF CHANENG INTERNAL ROAD	1,353,650.87
UPGRADE OF WESTERN BULK SEWER	102,526.84
Upgrade of western bulk sewer line	94,140.00
Capital Expenditure	Amount
Upgrade Seraleng Roads cert10	39,996.00
UPGRADE SERALENG SEWER WESTERN BULK CT1	1,344,753.26
UPGRADE WESTERN BULK SEWER	98,777.32
UPGRADE WESTERN BULK SEWER LINE CERT 07	159,100.00
Upgrading - Western Bulk Sewer CERT 11	55,012.22



Capital Expenditure	Amount
Upgrading - Western Bulk Sewer Lines Ct8	829,125.61
Upgrading & Refurbishment of Mathopestad	82,000.00
UPGRADING BOSPOORT WATER TREATMENT WORKS	283,563.39
UPGRADING OF BULK SEWER LINES	194,207.29
Upgrading of monakotreatment works	367,473.13
Upgrading of western bulk sewer line	83,340.00
Upgrading of western bulk sewer line.	448,264.58
18 (Seraleng) Roads and stormwaterter	339,682.50
Waste Transfer Station Cert 8	649,740.00
WATER CONSERVATION & WATER DEMAND MANAGE	11,845,467.90
Water Conservation and Water Demand Mana	6,361,673.12
WATER CONSERVATION&WATER DEMAND CERT10	9,252,447.30
WATER PUMPS	16,780.50
WESTERN BULK SEWER	95,029.24
Western Bulk Sewer Line Cert.9	394,400.00
Western Bulk Sewer Lines Freedom Park	478,555.84

Capital Expenditure	Amount
Western Bulk Sewer Lines(Freedompark)ct1	823,509.85
WESTERN BYPASS OUTFALL SEWER CERT 06	40,777.00
Western Bypass Outfall Sewer Updates Pro	40,777.00
Capital Expenditure	Amount
WESTERN BYPASS OUTFALL SEWER UPGRADE CT7	40,777.00
ZINNIACVILLE&KARLIEN AC PIPE WATER METERS	280,051.20
Grand Total	612,819,687.25

**APPENDIX N: CAPITAL PROGRAMME BY PROJECT: CURRENT YEAR – REFER TO APPENDIX O**

**APPENDIX O: CAPITAL PROGRAMME BY WARD**

<b>WARD</b>	<b>PROJECT</b>	<b>AMOUNT</b>
Ward 12(Meriting)	Meriting Roads & Stormwaterter Ward 18 Phase 4	18,897,865.66
Ward 26(Tsitsing)	Tsitsing Roads And Stormwaterter Drainage	3,027,033.46
Ward 1(Phatsima)	Phatsima Roads And Stormwaterter Drainage Phase 5	30,015,152.78
Ward 2 (Rasimone)	Rasimone Internal Roads & Stormwaterter	5,636,683.31
Ward 2 (Robega)	Robega Internal Roads & Stormwaterter	2,157,283.62
Ward 2 (Chaneng)	Chaneng Internal Roads & Stormwaterter	4,239,211.80
Ward 24(Freedom Park)	Freedom Park Ward 24 Roads And Stormwaterter Drainage	6,438,335.82
Ward 22(Boitekong)	Boitekong Ward 22 Roads And Stormwaterter Drainage Phase 6	47,373,628.81
Ward 31(Marikana)	Marikana Roads & Stormwaterter Drainage Phase 5	8,415,482.15
Ward 2 (Mafenya)	Mafenya Internal Roads& Stormwaterter	141,055.78
Ward 5(Phokeng)	Phokeng Ward 5 Roads And Stormwaterter Upgrading	199,586.12
Ward 6(Phokeng)	Phokeng Ward 6 Roads And Stormwaterter Upgrading	207,149.39
Ward 2(Macharora)	Macharora VIP Toilets	837,453.13

WARD	PROJECT	AMOUNT
Ward 14,15,16,17	Upgrading of the Western Bulk Sewer Lines	5,396,696.34
Ward 27(Lethabong)	Lethabong Internal Sewer Reticulation and Toilet Structures	15,271,315.48
Ward 11(Tlhabane)	Replacement of Tlhabane AC Sewer Bulk Line	13,031,375.77
Ward 25(Monnakato)	Upgrading of the Monnakato Waste Water Treatment Works	6,809,532.25
Ward 23(Bospoort)	Upgrading & Extension of the Bospoort water Treatment Plant	22,318,953.00
Ward 23(Bospoort)	Construction of Bospoort Bulk Water Pipeline	1,027,257.04
Ward 11(Tlhabane)	Refurbishment of Bulk Line & Tlhabane Water AC replacement	29,342,673.35
Ward 18(Boitekong)	Development of Boitekong Sports Facility	498,139.19
Ward 18(Rustenburg)	Construction of the Rustenburg Flea Market	12,282,373.89
Ward 31(Marikana)	Marikana Waste Transfer Station Construction	5,015,871.06
Ward 26/29	Installation of High Mast Light in Mosenthal/Ikageng Phase2	1,435,581.80
Ward 23(Kanana)	Installation of High Mast Light in Kanana	1,930,298.26
ALL	PMU Rustenburg	4,948,035.20

**TOTAL**

**246,894,024.46**

**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**

None.

**APPENDIX R: DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY**

DESCRIPTION	AMOUNT
SPCA	385,000.00
Free Basic Electricity	1,818,429.76
RWST - MIG Transfers	22,852,466.17
	<b>25,055,895.93</b>

**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.

<b>Number of Section 71 Reports submitted</b>	<b>Reasons for Non-Submission</b>	<b>Corrective Measures</b>
9	Delay in implementing mSCOA system due to system roll back in May 2018	System vendor undertaking to develop a reporting tool that will assist

# **APPENDIX T: NATIONAL AND PROVINCIAL OUTCOME FOR LOCAL GOVERNMENT**

NATIONAL OUTCOME	ROLE OF MUNICIPALITY	KEY PERFORMANCE INDICATOR	TARGET	ACTUAL	PROGRESS REGISTERED
<b>4. Decent employment through inclusive economic growth</b>	a) Create an enabling environment for investment by streamlining planning application processes;	Number of investment campaigns implemented by 30 June 2019	2 x investment campaign implemented	Two (2) investment campaign publications done:	-
	b) Improve procurement systems to eliminate corruption and ensure value for money;	KPI to be developed	-	-	-
	c) Utilise community structures to provide services.	Number of indigents registered to earn free basic services by 30 June 2019	30 000 registered indigents	4700 indigents were registered.	A service provider to assist with indigent registration was not appointed. Indigent registration to be done at ward level through the Thuma Mina Campaigns and door-to door campaigns
<b>5. A skilled and capable workforce to support inclusive growth</b>	a) Link municipal procurement to skills development initiatives	KPI to be developed	-	--	-
<b>6. An efficient, competitive and responsive economic infrastructure network</b>	a) Maintain and expand water purification works and waste water treatment works in line with growing demand;	KPI to be developed	-	-	-



NATIONAL OUTCOME	ROLE OF MUNICIPALITY	KEY PERFORMANCE INDICATOR	TARGET	ACTUAL	PROGRESS REGISTERED
<b>7. Vibrant, equitable and sustainable rural communities and food security</b>	a) Facilitate the development of local markets for agricultural produce;	Number of Agricultural Projects Supported Through the Agricultural Support Programme by 30 June 2019	5	5	5 x Agricultural Projects Supported Through the Agricultural Support Programme
	b) Promote home production to enhance food security;	KPI to be developed	-	-	-
<b>8. Sustainable human settlements and improved quality of household life</b>	a) Cities must prepare to be accredited for the housing function;	KPI to be developed	-	-	--
	b) Develop spatial plans to ensure new housing developments are in line with national policy on integrated human settlements;	Number of the Spatial Development Framework reviewed and tabled at council by 30 March 2019	1 x Reviewed Spatial Development Framework (SDF)	1 x Reviewed Spatial Development Framework (SDF)	The Draft SDF served before Council of 26/03/2019 as per item 25.
	c) Participate in the identification of suitable land for social housing;	KPI to be developed	-	-	-
	d) Ensure capital budgets are appropriately prioritised to maintain existing services and extend services.	Percentage expenditure on Capital Budget funded from CRR by 30 June 2019	≥95%	67.37%	Delay in implementing mSCOA system due to system roll back in May 2018 System vendor undertaking to develop a reporting tool that will assist

NATIONAL OUTCOME	ROLE OF MUNICIPALITY	KEY PERFORMANCE INDICATOR	TARGET	ACTUAL	PROGRESS REGISTERED
<b>9. A responsive and, accountable, effective and efficient local government system</b>	a) Improve municipal financial and administrative capacity by implementing competency norms and standards and acting against incompetence and corruption.	KPI to be developed	-	-	-
<b>10. Protection and enhancement of environmental assets and natural resources</b>	a) Ensure effective maintenance and rehabilitation of infrastructure;	KPI to be developed	-	-	-
	b) Run water and electricity saving awareness campaigns;	KPI to be developed	-	-	-
	c) Ensure proper management of municipal commonage and urban open spaces;	KPI to be developed	-	-	-
	d) Ensure development does not take place on wetlands.	KPI to be developed	-	-	-