

ANNUAL REPORT



ANNUAL REPORT | 2020 / 2021



Rustenburg
Local Municipality

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

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ACRONYMS

ACRONYM	DETAIL
BTO	Budget and Treasury Office
CCTV	Closed Circuit Television
CFO	Chief Financial Officer
COGTA	Department of Co-operative Governance and Traditional Affairs
CPI	Consumer Price Index
DCD	Directorate Community Development
DCSS	Directorate Corporate Support Services
DPHS	Directorate Planning and Human Settlement
DPLG	Department of Provincial and Local Government
DPME	Department: Monitoring and Evaluation
DPS	Directorate Public Safety
DTI	Department of Trade and Industry
DTIS	Directorate Technical and Infrastructure Services
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
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

ACRONYM	DETAIL
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



We are not only compelled by legislation, namely; Section 121 (1) of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA), which stipulates “Every Municipality and a municipal entity must for each financial year, prepare an annual report in accordance with its guidelines”. We are thus fulfilling this legislative imperative with the submission of this 2020/2021 Annual Report.

We are also obliged to fulfill legislative mandate, that is, the Executive Mayor, must within seven months after the end of financial year, table municipality's Annual Report in Council.

In the same breath, we are driven by the Rustenburg Local Municipality's strategic thrusts and priorities, guided by its goals, that of realising Rustenburg becoming a world class city where all communities enjoy high quality of life and diversity, as we continuously improve their quality of life, economic growth and eradicating poverty, through best practice, sustainability and inclusive governance.

This is underpinned by our values of integrity, transparency, customer first, accountability, responsibility and speedy execution.

It is my sincere belief that, if we remain resolute to these guiding principles, we shall not go astray in fulfilling our two-fold legislative mandate, namely; first: providing basic services to households in the Rustenburg Local Municipality, that is, access to clean running water, in the form of house connections, water tankering and communal standpipes. Other provisions are access to electricity, solid waste, sanitation and roads.

Secondly, the Rustenburg Local Municipality must ensure clean accountable governance in line with best practice, with the ultimate objective of achieving unqualified audit, based on the Auditor General's audit report in terms of Section 126(3) of the MFMA and in accordance with Section 45 (b) of the MSA, informed by financial statements prepared by the Municipality.

It is against this background that I implore all governance mechanisms, structures and systems that are in place to ensure that municipality, like in other outer years, and the financial year under review,

complies with legal requirements, with unity of purpose to secure accountability to communities for decisions taken by Council, in a specific financial year under review.

We have to strike the balance between these two important pillars of governance, namely; political and administrative governance, as the two are mutually inclusive.

This balance has to be struck in the context of the District Development Model (DDM), as espoused by President Ramaphosa, which is an operational model for improving Cooperative Governance aimed at building a capable, ethical Developmental State.

This District Development Model approach will in the next financial years, help us as the sphere of government closest to the people, to improve coherence and impact of our service delivery.

Administrative governance ensures transparent administration and regular feedback to communities, whilst political governance ensures the much needed oversight of work done by administration.

The two are not mutually exclusive.

I am optimistic that, having stricken this balance by achieving a qualified audit opinion, we are bound to consistently achieve clean, accountable governance, moving from disclaimer to unqualified Audit Report, for the next five years of our fairly new term, 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).

Ultimately, we will be able to consistently fulfill our mandate of providing our communities with much needed services, whilst in the same vein improving their quality of life.



CLLR SHEILA MABALE-HUMA

EXECUTIVE MAYOR

RUSTENBURG LOCAL MUNICIPALITY

B: MUNICIPAL MANAGER'S OVERVIEW AND EXECUTIVE SUMMARY

1.1 STATEMENT BY THE MUNICIPAL MANAGER



MUNICIPAL MANAGER'S OVERVIEW

The tabling of the 2020/2021 Annual Report for the Rustenburg Local Municipality was done on the strength of section 127(2) of the Municipal Finance Management Act (MFMA), Act 56 of 2003. The purpose of the annual report is to provide account to the Rustenburg community, relevant sector departments and general stakeholders on the performance against the budget and the predetermined objectives and to provide detailed annual financial statements.

The Annual Report was submitted to the 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 2020/2021 annual report.

The Annual Report is a critical legislated process of local government system that is aimed at provision of services as well as accountability on the implementation of such. It expresses the collective aspirations and effort of the political and administration leadership to incrementally and consistently improve the socio-economic livelihoods of our communities. In the main, account of our performance against the budget through detailed Annual Financial Statements and the predetermined objectives is provided.

The financial viability of the municipality reflects some positives were realised as per the 2020/2021 audited financial statements. Total Revenue increased by R296 million (30 June 2021) or 5.9% when compared to 2019/2020 financial year. We have also realised a significant decrease of R141 million or 25.5% in cash and cash equivalents. The reduction in cash and cash equivalents is due to economic downturn, lockdown due to Covid-19 that impacted on revenue collection and payment for services.

The Auditor General South Africa (AGSA) issued a Qualified Audit Opinion on the Annual Financial Statements for the financial year 2020/2021 compared to a Disclaimer of Opinion for the financial year 2019/2020. There was an improvement in the financial year 2020/2021 as the municipality Qualified Audit opinion was largely influenced by property, plant and equipment, payables from

exchange transactions, Value Added Tax (VAT) payable, property rates and irregular expenditure. Matters of emphasis were on unauthorised, fruitless and wasteful expenditure, material losses, and restatement of corresponding figures.

The Rustenburg Water Services Trust, as a municipal entity, received an Unqualified Audit Opinion for the financial year 2020/2021 and 2019/2020 respectively.

Performance as depicted 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 "world class city where all communities enjoy a high quality of life and diversity."

Matters emphasised in the Auditor General's report will be addressed through various engagement sessions both at the political level through credit control sessions, chaired by the Executive Mayor and at administrative level, through sessions such as the financial planning workshop. Implementation of the Post Audit Action Plan (PAAP) will be a standing item at all MANCO and Broader MANCO sessions. We need to continuously monitor performance against our Financial Recovery Plan and adhere to cost containment measures set by the municipality. We are determined to create lasting impact.

"The only limit to your impact is your imagination and commitment." Tony Robbins.

A handwritten signature in black ink, appearing to read 'S V MAKONA', with a long, sweeping horizontal stroke extending to the right.

S V MAKONA

MUNICIPAL MANAGER

RUSTENBURG LOCAL MUNICIPALITY

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.

The Rustenburg Local Municipality had 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 was fully functional, with the assistance of a functional Risk Management Unit. All systems regarding implementation of risk management were in place i.e.

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

Much time was 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 stood at 69%. Nevertheless, remedial measures were put in place to improve performance going forward.

For the financial year 2018/19 received a qualified audit opinion and a disclaimer of opinion for 2019/2020 respectively. The matters of emphasis for the 2019/2020 financial year were successfully reduced.

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 690 000 people, comprising of 54% males and 46% females. The significant growth in Rustenburg is largely attributed to the impact of the world's 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 SERVICE DELIVERY OVERVIEW

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

Table 1: Basic Services provided to households in the Rustenburg Local Municipality

No	Type of Service Provided	Percentage %
1	Solid Waste	100%
2	Access to electricity	92%
3	Access to sanitation (VIP/ Sewer System)	96%
4	Access to water (Water tanking, Communal Standpipe, House connections)	96%
5	Roads (Surfaced/ Gravel Roads)	61%

1.4 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, 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.

1.5 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 respectively.

1.6 AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: 2020/2021

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 while 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 2020/2021 financial year.

1.7 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 2020/2021
- (b) Provide a report on performance against the budget of the Rustenburg Local Municipality and its entity for the financial year 2020/2021; and
- (c) Promote accountability to the local community for the decisions made during the financial year ended June 2021 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 2020/2021
- (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 Performance Audit Committee.

CHAPTER TWO: GOVERNANCE

INTRODUCTION TO GOVERNANCE

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

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

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

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

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

The council of Rustenburg Local Municipality is constituted by 89 Councillors, with 45 wards and 44 proportional representative Councillors. The Mayoral Committee consisting of ten (10) members. Ward Councillors chair ward committees whose responsibility is to discuss issues of local concern.

Table 2.1 The party-political representation of Councillors

Political Party	Number Councillors	Gender Distribution	
		Male	Female
African Independent Congress	1	-	1
African National Congress	43	32	11
Botho Community Movement	1	1	-
Democratic Alliance	14	8	6
Economic Freedom Fighters	24	9	15
Forum 4 Service Delivery	4	4	-
Freedom Front+	1	1	-
United Democratic Movement	1	-	1
TOTAL	89	55	34

For the period under review, the Council which was replaced after the November 2021 Local government elections had 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 was also responsible to capacitate Councillors and Ward Committees.

The municipality operated 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. Mokwele L P was elected as the Single Whip of the Council per item 01 on 17 January 2020.

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. According to provision of quoted piece of legislation, Executive Mayor is the chairperson of the Mayoral Committee while members of his Mayoral Committee are chairpersons of Portfolio Committees.

Table 2.2 Mayoral Committee Members

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

MEMBERS OF THE MAYORAL COMMITTEE & THEIR PORTFOLIOS

			
Clr Xatasi N	Clr Mhlungu SBM	Clr Makhaula V.N.	Clr Molubi J
MMC Community Development	MMC Technical and Infrastructure Services	MMC Public Safety Services	MMC Planning and Human Settlements
			
Clr Lekoro B MMC: Budget & Treasury	Clr Kombe O MMC LED:	Clr Mashishi-Ntsime J MMC Corporate Support Services	Clr Babe N MMC Intergovernmental Relations, Youth, Women, Children and People living with Disability



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. 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 consisted 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). Term ended 01 May 2020. Month to month appointment from 22 May 2020 subject to a process of advertising. 3 years (Appointed 26 January 2021).	Chairperson	Current
2.	H Maritz	3 years (Appointed 02 May 2017) Term ended 01 May 2020. Month to month appointment from 22 May 2020 subject to a process of advertising.	Member	Term ended 01 May 2020. Month to month from 22 May 2020 (Item 38) by the Municipal Council. Term ended 26 January 2021 when new member was appointed.
3.	Z Nkosi	3 years (Appointed 29 May 2018)	Member	Term ended May 2021
4.	S Ngobeni	3 years (Appointed 13 August 2019)	Member	Current
5.	L Moyo	3 years (Appointed 13 August 2019)	Member	Current
6.	L Lesolang	3 years (Appointed 26 January 2021)	Member	Current

Attendance

During the year under review, seven (7) Performance Audit Committee meetings of the municipality and the entity External stakeholders such as the Auditor-General of South Africa (AGSA), National and Provincial Treasury were arranged.

Table 2.4 Attendance of meetings

No.	MEMBER	ROLE	MEETINGS HELD	NUMBER OF MEETING HELD	NUMBER OF MEETINGS ATTENDED
1.	W.E Huma	Chairperson	29 July 2020 31 August 2020	7	7
2.	H Maritz	Member	13 November 2020	7	5
3.	S. Ngobeni	Member	04 December 2020	7	3
4.	Z Nkosi	Member	14 December 2020	7	6
5.	L Moyo	Member	25 February 2021	7	7
6.	J Lesolang	Member	15 February 2021	7	2

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 he is assisted by a team of senior managers. The following are Senior Managers:

Table 2.5 Senior Managers

2020/2021	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
POSITION	NAME	NAME	NAME	NAME
Municipal Manager	Makona SV	Makona SV	Makona SV	Makona SV
Chief Financial Officer	Ditsele GG	Ditsele GG	Ditsele GG	Ditsele GG
Director Planning & Human Settlement	Halenyane MMG	Halenyane MMG	Halenyane MMG	Halenyane MMG
Public Safety	Boikanyo KI	Boikanyo KI	Boikanyo KI	Boikanyo KI
Director Technical and Infrastructure Service	Masilo OJ	Masilo OJ	Masilo OJ (Resigned)	Mahlangu G (Acting)
Community Development	Rampete NM	Rampete NM	Rampete NM	Rampete NM
Roads and Transport	Moleele MO	Moleele MO	Moleele MO	Moleele MO
Corporate Support Services	Roboji Y	Roboji Y	Roboji Y	Roboji Y
Local Economic Development	Komane E	Komane E	Komane E	Komane E
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	Khiba N	Khiba N	Khiba N	Khiba N
Manager Office of the Speaker	Hlatshwayo LN	Hlatshwayo LN	Hlatshwayo LN	Hlatshwayo LN
Manager Strategy & Planning	Dire MM	Dire MM	Dire MM	Dire MM
Manager office of the Single Whip	Tebeli	Tebeli M	Tebeli M	Tebeli M
Chief Risk Officer	Khiba B	Khiba B	Khiba B	Khiba B

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

1. 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. Disciplinary Board

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).

Mayoral Stakeholder Engagement Committee (MASECO)

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

Table 2.9 MASECO and Other Meetings

NO.	MASECO MEETING	MINIING HOUSES	DATE OF THE MEETING
1.	Other	Sibanye Stillwater	15 July 2020
2.	MASECO	Sibanye Stillwater	13 August 2020
3.	MASECO	Impala Platinum Mine	14 August 2020
4.	MASECO	Anglo American Platinum Mine	03 September 2020
5.	Other	Impala Platinum Mine	04 September 2020
6.	MASECO	Tharisa Minerals	10 September 2020
7.	Other	Sibanye Stillwater	10 September 2020
8.	Other	Anglo American Platinum Mine	08 October 2020
9.	MASECO	Royal Bafokeng Platinum Mine	13 October 2020
10.	Other	Royal Bafokeng Platinum Mine	16 October 2020
11.	MASECO	Glencore	04 November 2020
12.	Other	Glencore	20 January 2021
13.	Other	Sibanye Stillwater	11 February 2021
14.	MASECO	Sibanye Stillwater	02 March 2021
15.	MASECO	Anglo American Platinum Mine	04 March 2021
16.	MASECO	Royal Bafokeng Platinum Mine	11 March 2021
17.	Other	Sibanye Stillwater	15 March 2021
18.	MASECO	Glencore	16 March 2021
19.	Other	Sibanye Stillwater	20 May 2021
20.	Other	Anglo American Platinum	27 May 2021

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION



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

The Municipal Public Accounts Committee (MPAC) was 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 oversight function on behalf of Council. Membership excluded the Executive Mayor, Speaker, Chief Whip, or a Member of Mayoral Committee (MMC) and was comprised of the following councillors:

- a. Cllr J L Sephai
- b. Cllr F.S. Moatshe
- c. Cllr M. Rantho
- d. Cllr A. Kwanaite
- e. Cllr L Snyders
- f. Cllr R.P. Molatlhegi
- g. Cllr M Omarjee
- h. Cllr K.I Monaise
- i. Cllr P. Bothomane
- j. Cllr P Tlhapi
- k. Cllr Z Xhinela
- l. Cllr Njikelane

Councillors serving on the MPAC were appointed for a term which corresponds to the term of office of the Council that left office in November 2021.

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

The committee had the following meetings during the period under review plus other special meetings to investigate Special Projects Units directed by the council or as was 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	6
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
23/08/2020	101	Tabling of the oversight report on the annual report	Done

COUNCIL MEETINGS

Council meetings were held on a bi-monthly basis and were open to the public, except when Council was in committee. Due to the Covid-19 pandemic, some meetings were virtual.

WARD COMMITTEES

The municipality has established 45 ward committees since 2016 which convened monthly meetings that served as a platform for interaction, engagement and sharing information between the Ward Councillor and committee members. Ward councillors and their ward committees conduct meetings

in their areas to give feedback on the performance of the municipality to the communities on a quarterly basis and assist in addressing developmental needs and challenges.

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 2020-2021 financial year, Council had 89 Councillors split equally between 45 ward Councillors and proportional representation Councillors. Councillors were allocated to various committees established in terms of Section 79 and 80 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 2020/2021 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.

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 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 -Trustees
- 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).

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.
- 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.

PUBLIC PARTICIPATION/COMMUNITY CONSULTATION PROGRAMME ON IDP REVIEW 2020/2021; MTREF BUDGET AND RELATED POLICIES

Due to the Covid 19 pandemic, the Rustenburg Local Municipality resolved to conduct public participation differently for the 2020/2021 financial year. The IDP Representative forum made up of Ward Committee Members, Ward Councillors and organized groups was utilized as a platform for public participation.

The ward public representatives were mandated to conduct ward consultation and provide feedback to the municipality on issues raised for incorporation in the IDP. Consultation happened during the month of September and submitted were due at the beginning of October 2020.

Prioritised and re-ranked community needs were received, properly analysed as required and incorporated into the Integrated Development Plan (IDP). The budgeting process was informed by the IDP and community needs.

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 2020/2021 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) have an approved Risk Management Implementation Plan and a Risk Committee Charter.
- (iv) 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 reviewed the Fraud Prevention Policy and Whistle Blowing Policy to be applied.

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 twelve (12) 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
1	Municipal Financial Viability and Management	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.	25	Daily meetings with the Service Provider	1. MSCOA Steering Committee and MSCOA Implementation Committee are in place and Sitting regularly. 2. Regular monitoring and reporting on the functioning of the financial system.
2		Percentage collection of revenue billed.	Inability to meet monthly cash commitments and implement budgeted municipal projects and programs.	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.	25	1. Incentives schemes to attract payments (interest write backs). 2. Enforce credit control policies and implementing debt collectors SLA.	Post COVID 19 plan developed for collection to be led by internal staff. Services of The Appointed Collectors were terminated due to non-performance.

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
3		Maintaining a debt coverage ratio of above 100 times.	Inability to service municipal debt (borrowings) and short monthly cash commitments.	1. Inadequate revenue enhancement measures 2. Poor cash flow 3. Inability to collect revenue 4. Incorrect revenue billing.	Poor credit rating/assessment and liquidity, affecting future borrowing and budget funding	25	1. Improved revenue enhancement measures. 2. Improve revenue collection through aggressive debt collection and credit control.	1. Council Approved Payment Incentives; a War Room is established in October 2019 to intensify credit control. 2. Regular monitoring and regular staff performance monitoring to deliver.
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.	1. Due to high commitments, reserves processed are saved for less than 31 days. 2. The envisaged procurement of the credit control and debt collection software to enhance revenue collection is delayed. The tender was not responsive and was referred back to specification for re-advertisement.

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
								The collection rate dropped as it was also impacted by lockdown
5	Develop and sustain a spatial, natural and built environment.	% 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 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 programs	1. Intensify implementation of Water Conservation and Water Demand Management 2. Data cleansing and revenue enhancement strategies like War Room.

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
7			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 substation)	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 area without bulk electricity supply.	25	1. The use of maintenance budget for maintenance. 2. Application for grant funding from DOE has been lodged.	1. Secure grants to implement water & sanitation projects. (Water) 1.1 DOE funding was requested in areas where the criteria for funding for network upgrading are applicable.
8			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 Department with regards to the progress on the suspended works.	1. To resolve legal issues relating to appointed contractor at Water Services Trust.
9	Uphold good governance public participation principles.	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	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
				of services providers.				
10	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).
11	Uphold good governance public participation principles.	Municipal Transformation and Institutional Development	Cybercrimes	Poor IT governance.	Loss of information and revenue plus Increased costs due to inefficiencies of short-term tactical IT deployments.	25	Enforcement of general IT Policies.	Establishment of ICT Steering Committee to address all IT related matters within RLM.

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.	Implement intergraded community Safety and security strategy measures.	Political Uncertainty	Unresolved Community disputes and political differences.	Possible and frequent disruption of municipal services and damage to property and infrastructure.	25	Regular engagements with all stakeholders.	Establishment of Conflict Resolutions Committee (CRC)

2.5.1 Covid 19 Risk

Table 2.10 Critical Risk for Financial Year 2019/2020 – continuing to 2020/2021

Event giving rise to the risk	Risk Description	Contributory Factors / Risk Causes	Consequences	Inherent Rating			Current controls	Residual rating
				Impact	Likelihood	Total		
COVID – 19 outbreak	Transmission of the virus (Covid-19) to employees and communities	1. Undetected real or potential victims 2. Possible contaminated surface areas 3. Non adherence to hygiene guidelines 4. Interrupted water supply, 5. Gatherings of more than 50 people	1. Uncontrollable Increase of the outbreak, 2. Inability to provide essential services, 3. High rate of medical cases,	5	5	25	<ul style="list-style-type: none"> Declaration of a national state of disaster by the State President, National Lockdown, Social distancing, Wearing of Masks, Regular hand washing with soap, Hand sanitising, 	20

Event giving rise to the risk	Risk Description	Contributory Factors / Risk Causes	Consequences	Inherent Rating			Current controls	Residual rating
		6. Shortage of technological tools of trade (e.g. Thermometers) 7. Unavailability of PPE (i.e. Masks, Sanitisers, gloves, Shields. etc.) 8. Unavailability of cleaning detergents 9. Lack of maintenance of social distancing, 10. Uncontrolled disposal of contaminated PPE 11. Reluctance/Unwillingness on part of Employees and the General Public to vaccinate.	4. Possible fatalities 5. Absenteeism 6. Litigation 7. Possible Job losses 8. Impacted education, training and development, 9. Collapsed of the revenue streams, 10. Overwhelmed compensation system				<ul style="list-style-type: none"> Regular cleaning of surfaces and facilities, Adherence to Health Guidelines distributed by the Dept. of Health. Use of various platforms to encourage Employees and the General Public to vaccinate/immunise against Covid19. 	

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 and the same policy remained relevant for the financial year under review. 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 approved by Council, promulgated and still 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
Community Development By-laws	
1. By-laws relating to the prevention of nuisance	6 September 2005 GAZETTE NR 6205
2. By-law relating to the disposal of contaminated and /infection waste	6 September 2005 GAZETTE NR 6205
3. By-law relating to the keeping of animals and poultry	6 September 2005 GAZETTE NR 6205
4. By-law relating to children services	6 September 2005 GAZETTE NR 6205
5. By-law relating to the preparation of food at registered private kitchens	6 September 2005 GAZETTE NR 6205
6. By-law pertaining to public hazards and nuisance	6 September 2005 GAZETTE NR 6205
7. By-law relating to accommodation establishment	6 September 2005 GAZETTE NR 6205
8. By-law relating to public cemeteries	7 June 2016 Gazette NR 7653
9. By-law for the hire of community, arts and culture facilities	6 September 2005 GAZETTE NR 6205
10. By-law relating to swimming pools and spa bath	7 June 2016 Gazette NR 7653
11. By-law relating to open space, park, sidewalks and gardens	7 June 2016 Gazette NR 7653
12. Public amenities by-law	6 September 2005 GAZETTE NR 6205
13. By-law relating to caravan parks and mobile homes	6 September 2005 GAZETTE NR 6205
14. Air pollution by-law	12 December 2014 GAZETTE NR 7383 The process of reviewing is underway

NAME OF THE BY-LAW	PROMULGATED/ GAZETTED AND GAZETTE NUMBER
15. Waste management by-law	7 June 2016 Gazette NR 7653
LOCAL ECONOMIC DEVELOPMENT	PROMULGATED/ GAZETTED AND GAZETTE NUMBER
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
DIRECTORATE INFRASTRUCTURE AND SERVICES	PROMULGATED/ GAZETTED AND GAZETTE NUMBER
1. Electricity by-law (adopted by Council, still awaiting to be promulgated)	4 SEPTEMBER 2006 GAZETTE NR 6313
2. Water supply and waste management	September 2020 GAZETTE NR 8057
BUDGET AND TREUSURY OFFICE	PROMULGATED/ GAZETTED AND GAZETTE NUMBER
1. Credit control and debt collection by-law	10 April 2014 GAZETTE NR 7265
2. Rates by-law	10 April 2014 GAZETTE NR 7265
3. Tariff by-law	10 April 2014 GAZETTE NR 7265
Public Safety	PROMULGATED/ GAZETTED AND GAZETTE NUMBER
1. Management and Control of Informal Settlement within the Jurisdiction of the Municipality.	4 April 2008 Gazette Nr
2. Noise Control by-law	May 2004 Reviewed by law referred to DCD portfolio by Council sitting of 27 July 2021
3. Fire Brigade Services by-law	11 June 2019 GAZETTE NR 8016
4. Public Passenger and goods by-law	19 February 2004 Gazette Nr
5. Problem Building By-law	11 June 2019 Gazette Nr 8016
PLANNING AND HUMAN SETTLEMENT	PROMULGATED/ GAZETTED AND GAZETTE NUMBER
1. Spatial planning and land use management by-law (Reviewed)	29 January 2019, Gazette Nr
2. Spatial planning and land use management by-law (Reviewed)	20 November 2018, Gazette Nr 7955
OFFICE OF THE SPEAKER	PROMULGATED/ GAZETTED AND GAZETTE NUMBER
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. 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: 2019/2020	Yes
4	Current annual report: 2020/2021	To be placed after tabling to Council in January 2022
5	All current Performance agreements (2020/2021) required in terms of Section 57(1)(b) of the Local Government: Municipal Systems Act, 2000	Yes
6	The Top Layer SDBIP 2020/2021	Yes
7	Performance Management System Framework 2020/2021	Yes
8	Integrated Development Plan (IDP)	Yes
9	IDP, Budget and PMS Process Plan 2020/2021	Yes
10	Supply Chain Management contracts and / or Service Level Agreements: 2020/2021	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.	Yes
14	Supply Chain Management contracts above R200 000 for the 2020/2021 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 2020/2021 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 (Households)

Basic Service	Actual Performance (as at June 2019)	Actual Performance (As at 30 June 2020)	Actual Performance (As at 30 June 2021)
Water	32 557	25 545	65 355
Sanitation	75 924	85 235	84 751
Refuse Removal	116 535	156 763 (formal, informal and RBA collected areas)	106 667
Electricity Including Eskom	38 716	38068 – 941 by Eskom – 819 by RLM	36 308
Roads (Construction and Maintenance: resealing, regravelling and road markings)	10km	3.4km	26km

3.1 WATER PROVISION

Table 3.2 Water Provision

	2019/20 Actuals	2020/21 Budget	2020/21 Actuals	Variance
	R 000	R 000	R 000	R 000
Total Operating Revenue	1,021,150	1,048,946	1,005,811	43,135
Employee Related Costs	68,598	58,356	66,619	-8,263
Bulk Purchases	411,073	407,726	421,209	-13,483
Other expenditure	343,763	405,142	352,278	52,864
Total Operating Expenditure	823,434	871,224	840,106	31,118
Nett Operating Profit/ (Loss)	197,716	177,722	165,705	12,017

Table 3.3 Water Objectives Per IDP

WATER OBJECTIVES AS PER IDP: 2020/21 FINANCIAL YEAR						
Strategic Objectives	Key Performance Indicators	2019/20		2020/21		
		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	3 water projects	3 water projects-	5251 households	500 households	1262 households

Table 3.4 Water Capital Expenditure

Master Subaccount	Account Description	Full Year Budget	Year to Date Actual	Variance
C0061-11/IA06433/F0803/X146/R3519/001/340	NW373_340 - WSIG_Distrib/Acquisitions/Water Services Infrastru/Water Distribution/Ward 17/Default/DTIS : Water Service	0,04	-	0,04
C0061-13/IA06433/F0803/X147/R3517/001/340	NW373_340 - WSIG_Erectio/Acquisitions/Water Services Infrastru/Water Storage/Ward 15/Default/DTIS : Water Service	1 000 000,00	-	1 000 000,00
C0061-14/IA06433/F0803/X146/R3536/001/340	NW373_340 - WSIG_Marikan/Acquisitions/Water Services Infrastru/Water Distribution/Ward 32/Default/DTIS : Water Service	1 500 000,04	1 493 467,12	6 532,92
C0061-15/IA06433/F0803/X146/R3511/001/340	NW373_340 - WSIG_Provisi/Acquisitions/Water Services Infrastru/Water Distribution/Ward 1/Default/DTIS : Water Service	700 000,00	-	700 000,00
C0061-16/IA06433/F0803/X146/R3539/001/340	NW373_340 - WSIG_The aug/Acquisitions/Water Services Infrastru/Water Distribution/Ward 35/Default/DTIS : Water Service	3 400 000,00	1 033 857,32	2 366 142,68
C0061-17/IA06433/F0803/X146/R3516/001/340	Augmentation of water supply to the Nkandla Area	7 000 000,00	-	7 000 000,00
C0061-18/IA06433/F0803/X146/R3527/001/340	Augmentation of water supply to Freedom Park (Ward 24)	7 000 000,00	-	7 000 000,00
C0061-19/IA06433/F0803/X146/R3516/001/340	Rustenburg CBD AC & Aged Water Meters Replacement & Connections	5 500 000,00	1 641 616,06	3 858 383,94

Master Subaccount	Account Description	Full Year Budget	Year to Date Actual	Variance
C0061-3/IA06433/F0803/X146/R3517/001/340	CONSTRUCTION of SYFERBULT WATER SUPPLY	699 999,96	631 138,10	68 861,86
C0062-3/IA06433/F0803/X146/R3540/001/340	NW373_340 - WSIG_Upgradi/Acquisitions/Water Services Infrastru/Water Distribution/Ward 36/Default/DTIS : Water Service	2 500 000,00	2 522 445,00	- 22 445,00
C0062-4/IA06433/F0803/X146/R3539/001/340	NW373_340 - WSIG_Provisi/Acquisitions/Water Services Infrastru/Water Distribution/Ward 35/Default/DTIS : Water Service	-	257 023,02	- 257 023,02
C0062-4/IA06433/F0803/X146/R3540/001/340	NW373_340 - WSIG_Provisi/Acquisitions/Water Services Infrastru/Water Distribution/Ward 36/Default/DTIS : Water Service	1 700 000,00	-	1 700 000,00
C0122-1/IA06173/F0803/X139/R3520/001/340	Water Conservation and Demand Management	34 839 999,92	42 547 505,05	- 7 707 505,13
C0139-4/IA06173/F0803/X146/R3520/001/340	Capex : Computers	1 000 003,00	-	1 000 003,00
C0198-17/IA06433/F0803/X146/R3549/001/340	Lekgalong Water Supply	0,04	-	0,04
C0139-9/IA10352/F0803/X146/R0333/001/340W	NW373_340 - WSIG_Water C/Acquisitions/Water Services Infrastru/Water Distribution/Whole of the Municipality/Default/DTIS : Water Service - /	-	1 450 988,79	-1 450 988,79
C0179-2/IA01952/F0803/X139/R3516/001/345A	_345 - WSIG_UPGRADING MA/Outsourced/Water Services Infrastru/Sewerage/Ward 14/Default/DTIS : Sanitation Serv	6 000 000,00	6 178 273,45	- 178 273,45
TOTAL		72 840 003,00	57 756 313,91	15 083 689,09

MasterSubAccount	Account Description	Full Year Budget	Year to Date Actual	Variance
C0061-8/IA06433/F0791/X146/R0333/001/340	Phatsima Extension 3 Water Supply Scheme and Yard Connection	11 000 000,00	8 601 029,02	2 398 970,98
C0198-12/IA06433/F0791/X146/R3513/001/340	Tlhabane AC Water	6 000 000,00	4 749 827,05	1 250 172,95
C0198-13/IA06433/F0791/X146/R3526/001/340	_340 - PPEQ - MIG_Constr/Acquisitions/Municipal Infrastructure/Water Distribution/Ward 23/Default/WATER SERVICE [TECHNICAL/	1 000 000,04	-	1 000 000,04
C0198-8/IA01952/F0791/X099/R3545/001/340	NW373_018 - PMU MIG PROJ/Outsourced/Municipal Infrastructure/Project Management Unit/Ward 40/Default/DTIS : Water Service /	-	40 777,00	40 777,00
TOTAL		18 000 000,04	13 391 633,07	4 689 921,97

3.2 WASTE WATER (SANITATION) PROVISION

Table 3.5 Waste Water Provision

	2019/20 Actuals	2020/21 Budget	2020/21 Actuals	Variance
	R 000	R 000	R 000	
Total Operating Revenue	233,373	277,188,259	257,909,491	19,278,768
Employee Related Costs	8,134	6,536,968	27,002,366	-20,465,398
Repairs and Maintenance	1,059	10,773,447	1,230,352	9,543,096
Other expenditure	95,042	59,147,808	97,212,798	-38,064,992
Total Operating Expenditure	104,235	76,458,223	125,445,516	-48,987,293
Nett Operating Profit/ (Loss)	129,138	200,730,036	132,463,975	68,266,061

Table 3.6 Sanitation Capital Expenditure

MasterSubAccount	Account Description	Full Year Budget	Year to Date Actual	Variance
C0044-2/IA00152/F0791/X139/R3530/001/345	Sewer_ Lethabong & Toilet Structures	18 000 000,00	17 362 716,58	637 283,42
C0181-9/IA01952/F0791/X139/R0333/001/345	Replacement of Tlhabane AC Sewer Bulk Line	9 000 000,00	5 751 497,27	3 248 502,73
C0203-13/IA01952/F0791/X139/R0333/001/345	Upgrading & Extension of the Bospoort water Treatment Plant	2 000 000,00	-	2 000 000,00
C0181-10/IA01952/F0791/X139/R0333/001/345A	Upgrading of the Western Bulk Sewer Lines	1 000 000,00	829 489,38	170 510,62
TOTAL		30 000 000,00	23 943 703,23	6 056 296,77

Table 3.7 WATER SERVICES POLICY OBJECTIVES AS PER IDP

WATER SERVICES POLICY OBJECTIVES AS PER IDP: 2020/2021 FINANCIAL YEAR						
Strategic Objectives	Key Performance Indicators	2019/20		2020/2021		
		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 services : Sanitation,	3 sanitation projects	3 sanitation projects	5251	500	840

3.3 ELECTRICITY PROVISION

Table 3.8 Electricity Provision

	2019/20 Actuals	2020/21 Budget	2020/21 Actuals	Variance
	R 000	R 000	R 000	
Total Operating Revenue	2,084,367	2,437,002,673	2,419,773,748	17,228,925
Employee Related Costs	49,481	55,661,477	44,493,788	11,167,688
Repairs and Maintenance	99,668	39,391,246	21,592,935	26,625,842
Other expenditure	1,786,721	1,620,643,004	2,208,206,488	-36,273,567
Total Operating Expenditure	1,935,870	1,715,695,727	2,274,293,211	-558,597,484
Nett Operating Profit/ (Loss)	148,497	721,306,946	145,480,537	575,826,409

Table 3.9 Access to Basic Levels of Electricity

Strategic Objectives	Key Performance Indicators	2019/20		2020/2021		
		Target	Actual	Original Target	Adjusted Target	Actual Performance
Accelerated delivery and maintenance of quality basic and essential services to all communities	Number of households provided with metered electricity services	2936	2408	5251	500	734

Table 3.10 Electricity

Master Subaccount	Account Description	Full Year Budget	Year to Date Actual	Variance
C0015-3/IA07020/F0791/X034/R3522/001/315	Installation of High Mast Lights: Mosenthal	3 000 000,00	150 777,18	2 849 222,82
C0015-9/IA07020/F0791/X034/R3526/001/315	Installation of High Mast Light in Kanana Phase 2	3 000 000,00	87 247,78	2 912 752,22
C0006-11/IA07020/F0786/X032/R0333/001/310	Dinie Estate - Bulk electrical line	2 953 112,79	2 447 440,00	505 672,79
C0006-12/IA07020/F0786/X032/R0333/001/310	Dinie Estate - House connections	3 766 887,20	3 766 887,20	-
C0153-3/IA07040/F0786/X032/R0333/001/310	NW373_310 - PPEQ - Elect/Acquisitions/Integrated National Elec/Electricity/Whole of the Municipality/Default/DTIS : Electrical Eng Se	2 000 000,00	-	2 000 000,00
		14 719 999,99	6 452 352,16	8 267 647,83

COMMENTS ON ELECTRICAL SERVICES

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

Table 3.11 ELECTRICITY OVERVIEW (which electrical project were done in 2020/2021)

No	Service Provided	Performance		
		Annual Target	Actual	Variance
	RLM			
1	Households electricity connections (Dinie Estate)	510	510	0
2	New Connections	224	224	0
	Eskom			
3	Eskom area - Infills	0	0	0
4	Lekgalong View x 2	0	0	0
	TOTAL	734	734	0

3.4 WASTE MANAGEMENT

Table 3.12 Waste Management

Details	2019-20 Actuals	2020-21 Budget	2020-21 Actuals	Variance
	R'000	R'000	R'000	R'000
Capital project				
MARIKANA-CONSTRUCTION OF TRANSFER STATION	R1 055 237	R10 300 000	–	R10 300 000
Total Capital Expenditure	R1 055 237	R10 300 000	-	R10 300 000

Table 3.13 Waste Management Objectives

WASTE MANAGEMENT OBJECTIVES AS PER IDP: 2020/21 FINANCIAL YEAR						
Strategic Objectives	Key Performance Indicators	2019/2020		2020/2021		
		Target	Actual	Original Target	Adjusted Target	Actual Performance
Accelerated delivery and maintenance of quality basic and essential services to all communities	Percentage of formal households on the valuation roll provided with a weekly solid waste removal service by 30 June 2021.	100% households in formal areas with access to refuse removal service	Not less than 96 800 formal households with access to refuse removal service	100% households on the valuation roll provided with a weekly refuse removal service	N/A	100% households on the valuation roll provided with a weekly refuse removal services – (91071 households except farm households are provided with a weekly refuse

WASTE MANAGEMENT OBJECTIVES AS PER IDP: 2020/21 FINANCIAL YEAR						
Strategic Objectives	Key Performance Indicators	2019/2020		2020/2021		
		Target	Actual	Original Target	Adjusted Target	Actual Performance
						removal services.
	Number of recognized informal settlements with a waste service by 30 June 2021	14	10	16 x recognized informal settlements with a waste service	N/A	23 x recognized informal settlements with a waste service
	Number of recycling drop off facilities supported within RLM by 30 June 2021	-	-	2 existing recycling initiatives supported by RLM.	N/A	4 Recycling initiatives supported by RLM

COMMENTS ON THE PERFORMANCE OF WASTE MANAGEMENT

Waste Collection Services

The waste collection was mainly performed on a month to month basis through external service providers (Katlego Baphiring Trading Enterprise Cc, Losaba Services, Jeezy T Construction and Sethanye Trading) appointed from October 2019 and April 2021. The long-term appointment for the provision of refuse removal within the Rustenburg municipal jurisdiction was effected from the 01st May 2021 and it will end on the 30th April 2024. Katlego Baphiring Trading Enterprise Cc was appointed for Compactor Trucks and Sethanye Trading and Projects (Pty) Ltd was appointed for Skip Loaders. The internal employees are focused on businesses and CBD collection due to limited fleet resources. There are dedicated teams for street cleaning and illegal dumping services. Over 150 illegal dumping areas were cleaned during the financial year. 91 071 households on the valuation roll have access to basic waste collection services.

During this financial year, the municipality through its Redirela Sechaba programme sourced service of 270 EPWP employees to assist with keeping the municipality clean in all wards of the municipality. The Municipality had undertaken a processes of securing three compactor trucks, a tipper and Front End Loader through the Municipal Infrastructure Grant application process. The equipment will be used in mostly informal and low income areas of the municipality.

Landfill Management

In October 2019, the Municipality appointed Mphele Engineers and Project Management to operate and maintain the Waterval Landfill site on a month to month deviations that lasted until April 2021. Mphele Engineers and Project Management was further appointed for the Maintenance of Waterval Landfill site for a period of three years, effective 01 May 2021 until 30 April 2024. The site has been rehabilitated with basic services and necessary infrastructure restored. The site was partially fenced, electricity is partially restored, used office buildings were refurbished 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 59% compliant to license conditions and non-compliant conditions are mainly water and gas monitoring.

The total waste tonnages received at the Waterval Landfill site since July 2020 to June 2021 is 48 155.5 tonnes of waste.

(a) Compliance

During the last site inspection conducted by the Department of Economic Development, Environment, Conservation and Tourism (DEDECT) on the 29 September 2020, the compliance level of compliance is at 59%. The Waterval Landfill site was at 59 % compliance with the permit conditions. The compliance level has increased from 51 % in 2019 to 59 % in 2020. The non-compliance at the site are mainly water and air monitoring aspects. The Municipality is in the process of correcting the non-compliance conditions such as 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. The 2021/2022 joint inspection by the Environmental Authorities is scheduled for October 2021.

(b) Informal Recycling activity

During the financial year, recycling activity is primarily practiced informally by the reclaimers on site and handling various recyclables categories salvaged from the site. About 79 tonnes per month were diverted through this operation by the recyclers collecting recyclables from the site. An invitation of the interested parties to manage the recycling facility will be advertised soon to formalize the recycling activity on site.

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.
- **Closure and Rehabilitation of Five RLM Communal sites and three Mini dumps**
- Rustenburg Local Municipality had five communal sites in regional areas of Rustenburg at Monakato, Lethabong, Marikana, Phatsima and Bethanie. All these sites were closed, and closure licences of the sites were received from the Authorising body (DEDECT). The Municipality was on the process of variation for the communal sites closures and will be completed by the December 2021.

- 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.

A. Closure and Rehabilitation of Townlands Landfill site

In September 03rd 2020, the Municipality re-advertised the Request for submission of Proposals by the private contractors for the Use of RLM closed landfill site for Economic Beneficiation 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 lots of loopholes that resulted in the collapse of the process that Council had approved. Furthermore, the Municipality will be undergoing the re-advert for proposals in the 2021/22 as the last advert was non-responsive.

In order to comply to the Auditor General's management comments, that come annually, the Municipality has started the engagement with DEDECT to undergo the variation process in terms of Section 54 of the National Environmental Management Waste Act (Act 59 of 2008), as amended.

Expanded Public Works Programme (EPWP)

A total of 270 Redirela Sechaba EPWP beneficiaries were appointed on a one-year contract, ended 30 June 2021. EPWP beneficiaries were contracted to ensure that the level of the CBD in terms of the cleanliness is improved and ensure that all wards receive at least a waste service through the programme. Additional 60 EPWP were seconded to the Waste Management Unit from the Project Management Unit to keep the taxi rank clean.

Licensing of Private Waste Collectors

The Municipality has started with the process of registering private waste collectors in 2019/20 in line with section 24 (a) (b) of the National Environmental Management: Waste Act (Act No.59 of 2008) read with section 45 of the Rustenburg Local Municipality Integrated Waste By-law, promulgated on the 07th June 2016. The process involves enforcement and registration of all private waste collectors within the jurisdiction of RLM. The tariffs were approved by Council and registration was per Company, not vehicles in a way of piloting the project. A total of 65 private waste collectors were registered in the 2020/21 financial year compared to 38 registered in 2019/20 financial year.

Strumosa Garden Waste Facility.

The facility was initially opened on weekends for the disposal of garden waste only. In February 2020, the facility started operating from Monday to Sunday only for the disposal of garden waste. The facility only accommodates residents disposing garden waste from their households. Residents and companies collecting garden waste for commercial purposes are not allowed to use the facility, however, they can access Waterval Landfill site during operating hours.

3.5 LIBRARIES AND INFORMATION SERVICES

INTRODUCTION

The Unit Library and Information strives to provide Library and Information Services through achieving the outlined objectives below: -

- To **determine the needs** of the community by public participation processes such as the collecting and analysing of data relating to the needs of individuals and groups (e.g. children, young adults, students, adults, professional people, etc) in the community.
- To **extend library services** by establishing branch or satellite libraries in unserved areas with funding from the Provincial Government, the Local Municipality and donors.
- To **obtain external funds for the establishment of an information and educational network** and rendering of excellent Library and Information services in the jurisdiction area of the local municipality
- To **build and maintain a community information database** and disseminating information to the community.
- To **promote library services and instill a reading culture**, improve literacy levels and provide free and open access to community and survival information.
- To **present programmes** such as story hours, talks, life skills training courses, literacy training, etc to promote reading and literature and to contribute to the upliftment of the community.

OUTREACH PROGRAMMES

In this financial year, the municipality managed to provide Library service to not more than 30 of the 45 wards. The outbreak of the Covid-19 pandemic informed the campaign for application by members of the community to access e-lending services with 420 members registered from Rustenburg Local Municipality. The services rendered are outlined below:

Table 3.14 Outreach Programmes

Programme	Key Focus Area	Library
World book day Commemorations	Promotion of local authors collection and application for e-lending services by Community members	Rustenburg Public Library

The outbreak of Covid-19 negatively affected outreach programmes scheduled to take place during: -

- South African National Library Week in March 2021;
- International World Play day in May 2020.

LIBRARY ACHIEVEMENTS

- The extension of Boitekong Library was concluded with the library reopening its doors on the 17 May 2021.
- The Department of Arts, Culture, Sports and Recreation is funding the construction of a new library in Lethabong with site handed over to the contractor on the 14 February 2020 with construction at 90.10% as of the 30th June 2021.
- Library services were extended to beyond physical libraries through the drive for the e-library services in partnership with the Province.

3.6 INTEGRATED 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 2020/21

- 17 EIA applications received and evaluated;
- 41 xRezoning/lease/special consent applications received and evaluated.

The evaluation was based on the Environmental tools such as

- Bojanala District Environmental Management Framework, wherein the revised RLM EMF is infused;
- 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,
- 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 2020/21 and the admission of guilt fines were issued according to section 15 of the abovementioned By-law.

- 167 vehicles were tested;
- 36 Admission of guilty fine were issued.

Environmental compliance and enforcement on both Rustenburg Local Municipality Air Pollution Bylaw Gazette No. 7383 of 2014 and Rustenburg Municipality Waste Management By-law Notice 105 of 2016 were conducted as follows:

Total issuance :187

- 41 are Admission of guilty fines.
- 146 are abatement notices.

3. Internal Environmental Audits.

Internal audits must be conducted quarterly by the License Holder and on each audit occasion and official report must be compiled by the relevant auditor to report the findings of the audit

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

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

4. National Environmental Management Air Quality Act 39 of 2004 Section 21.

- The Unit: Integrated Environmental Management facilitated a meeting between DEDECT, Bojanala Platinum District Municipality and the Ratepayers of Zinniaville, about the alleged air pollution caused by RCL Rainbow Chicken and the Biogas Plant. The meeting was conducted under Section 21 of the Air Quality Management Act, which is the mandate of the district and it yielded positive results as the 2 facilities were found non-compliant. Rainbow Chicken has an Emission License and lacks Environmental Authorisation and the Biogas Plant has Environmental Authorisation and lacks Emission license. The 2 Facilities were given timelines by both DEDECT and BPDM for rectification.

5. National Environmental Management Air Quality Act 39 of 2004

- The Rustenburg Local Municipality has three ambient Air Monitoring stations that monitors the levels of priority pollutants to fulfill section 24 of the Constitution. These are Marikana, Boitekong and Reatile Air Quality Monitoring Stations. Monthly reports on data management and maintenance are drawn from the Ambient Air Monitoring Stations based on the levels of primary pollutants monitored. 2020/21 financial year, only Marikana Air Quality Monitoring Station was functional as it is under National Air Quality Index Programme. Boitekong Air Quality Monitoring Station was not functional due to a faulty Data Logger, which the Unit has already submitted specifications for the advertisement of a quotation to replace the Data Logger. Reatile Air Quality Monitoring Station is also not functional due to vandalism. The Municipality requested funding from both the DEDECT and DFFE for the recommissioning of the station, both departments could not help, however, Civil Facilities Unit resolved to assist with the relocation of the Station from Reatile Educational Centre to Tlhabane Library.

6. Environmental Education and Awareness Programmes

Environmental Education and awareness programmes are derived from the principles of National Environmental Management Act (Act NO 107 of 1998) (NEMA). The principle that states "Community wellbeing and empowerment must be promoted through environmental education, the raising of environmental awareness, the sharing of knowledge and experience and other appropriate means".

The 2020/21 Environmental Education and Awareness programmes were conducted in an integrated approach which considered Environmental, Waste and Air Pollution Education and Awareness.

It is against this approach that a total of 52 Education and Awareness Programmes were conducted for the financial year 2020/21 wherein the annual target was 52 after amendment of the Directorate Scorecard.

COMPONENT B: COMMUNITY FACILITIES

INTRODUCTION

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

3.7 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 Covid-19 pandemic.

The municipality has also as its assets, developed sports facilities namely: Olympia park stadium, Zinniaville sports facility, Boitekong stadium, Monakato sports facility, East End sports facility, Old sports ground, Impala rugby club, Impala bowling club, Proteapark tennis club, Impala cricket club and Impala netball courts. (The cricket clubs are no longer in use)

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.

The following facilities have also been severely vandalized: Rankelenyane sports ground, Meriting Sports ground, Meriting swimming pool, Tlhabane swimming pool, Karlienpark sports complex, Mathopestad sports ground, Paardekraal X1 sports ground and Robega sports ground, Tennis, six mabone sports ground and hockey houses at Olympia Park Stadium, Tlhabane sports ground ablution facility and Bester sports ground.

3.7.1 Number of paid bookings for use of sports facilities the period 1 July 2020 to 30 June 2021

Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
00	00	00	00	01	02	00	00	01	01	01	00	05

3.7.2 Free Use Bookings for use of sports facilities for the period 1 July 2020 to 30 June 2021

Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
00	00	00	00	00	00	00	00	00	00	01	00	01

Total income loss as a result of free use = R4380.00

Find below information on income received from rentals during the financial year under review:

Ringball Clubhouse was leased by Ducor Projects during the year in question total income received R42,000

Mmabana leasing Sports Hall at Olympia Park Stadium total income R312,000

Impala Rugby Club started new lease agreement in November 2020 total income R10,500

Impala Bowling Club started new lease agreement in November 2020 total income R10,500

Rustenburg Swimming Club R4,800 (Oct 2020 to March 2021)

Splashyfin Swim School R800 for Feb 2021.

3.7.3 Staff Component

Position	Gender and Number	
Section Manager		F x 1
Admin Assistant		F x 1
Sports Liaison Officer	M x 1	
Marketing Officer	M x 1	
Assistant Horticulturist	M x 1	
Caretaker	M x 1 (1 x vacant)	
Swimming Pool Superintendent	M x 1	
Team Leader (Pools)	M x 1	
Swimming Pool Instructors	M x 7	
Generalist Workers (Sports)	M x 5	F x 11
Generalist Workers (Sports) Temporary	M x 1	
Generalist Workers (Pools)	M x 6	F x 6
Machine Operators (Sports)	M x 6	F x 1
Machine Operators (Pools)	M x 1	
Tractor Drivers	M x 1	
	Total	53

3.7.4 CHALLENGES

1. Lack of physical security at most facilities;
2. Lack of maintenance on buildings;

3. Vandalism and theft;
4. Insufficient operational budget for daily operations;
5. No capital budget for new projects;
6. Low staff morale;
7. Shortage of qualified lifeguards at pools;
8. Long turnaround time for repairs and breakdowns on machinery and equipment;
9. Section does not have enough fleet to attend to an ever increasing number of rudimentary grounds within the municipal area.

3.8 CIVIC CENTRE AND COMMUNITY HALLS

3.8.1. Section 13 of the Local Government Municipal Systems Act, 2000 [Act 32 of 2000] read with Section 162 of the Constitution of the Republic of South Africa Act 1996 [Act 108 of 1996] enables the municipality to prepare and present the By-Laws for the Hire and Use of Community, Arts and Culture Facilities which regulates the hire and use of these facilities below:

Table 3.8.2 Areas where halls are located

No.	Location / Area	Ward
1	Tlhabane	9
2	Monakato	25
3	Phatsima	1
4	Marikana	31
5	Sunrisepark (vandalized)	22
6	B Tause (Lethabong)	27
7	Rustenburg Old town hall	42
8	Meriting	12
9	Ben Marais	13
10	Zinniaville	43
11	WA van Zyl	16
12	Makolokwe (handed over by District Municipality)	29 Not yet in the Municipality asset register

No.	Location / Area	Ward
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

3.8.3 Paid up bookings for use of community halls record for the period 1 July 2020 to 30 June 2021

Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
01	03	05	11	36	57	01	04	11	19	22	23	193
												R643 965

3.8.4 Free use bookings for use of community halls for the period 1 July 2020 to 30 June 2021

Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
20	10	38	43	67	35	17	39	73	54	44	41	481
15 540	359 85	79 499	124 135	172 460	81 020	45 110	53 490	196 960	127 124	110 118	90 055	Total loss (R) 1 131 496

Utilization of the facilities (halls and civic center) for the 2020/2021 year has drastically decreased mainly due to Covid-19 pandemic.

3.8.5 CHALLENGES

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

Failure to adhere to Covid-19 regulations by clients.

Damaged to property mainly by clients using the facility for free.

Below market related tariffs.

Low bookings for the period mentioned due to Covid 19 Lockdown for the period 1 July 2020 to 30 June 2021 as most bookings were cancelled.

Shortage of staff due to retirement and resignations and position not filled.

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.

3.8.6 Staff

Position	Gender	Number
Section Manager	M	1
Admin Assistant	F	2
Sound & Light Technician	M	1
	F	1
Caretaker	M	5
Caretaker	F	1
Generalist Worker	M	08
Generalist Worker	F	22
	Total	41

PARKS AND CEMETERIES

EXECUTIVE SUMMARY

The Constitution of RSA provides far overarching legislative framework within which all natural and juristic persons must comply. In terms of Section 155 and 156 of the Constitution of RSA, the establishment, management and administration of cemeteries are functions of the Municipality while Provinces simply have a monitoring role in respect of such functions.

BACKGROUND

Rustenburg Local Municipality have fifteen (15) municipal cemeteries under its management. Most are active while some are inactive. The below table indicates list of Municipal cemeteries:

STATUS OF MUNICIPAL CEMETERIES

NO.	WARD	CEMETERY NAME	START YEAR OF OPERATION	SIZE	STATUS AND BURIAL SPACE LEFT	COMMENTS
01	01	Phatsima	1985	06Ha	1½ Ha. Needs new fencing and Upgrading of ablution facilities	Full fencing of about 1000m required for 21/22 FY. About R 800 000 required for this. This burial site also needs to be extended.
02	07	Tlhabane - Motsatsi	1964	05Ha	Closed. Reached capacity	Full wall fencing is required. Only reopenings and unveilings of tombstones allowed.
03	10	Tlhabane-Moraka	Early 1940's	01Ha	Closed. Reached capacity	Full wall fencing is required.
04	14	Donkerhoek	1903	12 Ha	Reached capacity in 2011. Only reserved and re-openings are allowed	Kremetart extension with 2 hectares' in progress. EIA processes finalized in 19/20 and fencing envisaged to be finalized in 21/22 and ablution facilities, water and electrical connections of about R1m required for 21/22 financial years.
05	16	Rietvlei - Developed area	2011	30Ha	Active.	Cemetery is active. Of the two ablution blocks that needed repairs, one of those is functional.
		Undeveloped area	Not yet developed	20Ha	20Ha	EIA done during initial development. First phase to be developed from 21/22 utilizing MIG grant.
06	42	Pioneer	Mid 1800's	1½Ha	Closed due high water table	Rietvlei cemetery is used as alternative burial site.
07	21	Boitekong	1995	01Ha	Closed due high water table	New cemetery was to be developed for greater Boitekong area. Challenges with suitable land for cemetery by DPHS. Rietvlei cemetery is an alternative burial area.
08	22	Sunrise	1998	03Ha	None. Reached its capacity	New cemetery was to be developed for greater

NO.	WARD	CEMETERY NAME	START YEAR OF OPERATION	SIZE	STATUS AND BURIAL SPACE LEFT	COMMENTS
						Boitekong area including Sunrisepark. Needs full fencing. Rietvlei cemetery is an alternative burial area.
09	25	Monakato (02)	1972	08Ha	Active	Active. Fencing and ablution facilities need Upgrading.
10	25	Monakato (01)	1968	01Ha	Closed due to high water table	Closed due to high under-ground water level fencing needs upgrading.
11	27	Lethabong (01)	1984	10Ha	Active	Active. Fencing needs upgrading.
12	28	Lethabong (02)	2000	06Ha	Closed. Reached capacity.	Closed.
13	28	Lethabong (03)	2000	20Ha	18 Hectares. Active	Active. Fencing needed. Ablution facilities need upgrading.
14	32	Marikana	2011	20Ha	Active	Full fencing and upgrading of ablution facilities are needed.
15	43	Zinniaville Karlienpark	August 1976	02Ha	Active	Christian burial site is left with ±20 graves. Rietvlei cemetery will be used as alternative burial site. Negotiations with Muslim committee to utilize Pioneer cemetery is ongoing.

BUDGET REQUIREMENTS FOR FENCING OF MUNICIPAL CEMETERIES

Cemetery name	Size	Required budget	Type of fencing
Fencing and roads in Kremetart Street (Donkerhoek cemetery)	02 hectares	R200 000 – Fencing R800 000 - Roads	Treated wooden poles and razor mesh wire
Perimeter Wall of Marikana Cemetery	20 hectares	R2 000 000	Perimeter Wall fencing – Brick wall
Fencing of Tlhabane-Motsatsi cemetery	5 hectares	R2 500 000	Perimeter Wall fencing – Brick wall
Fencing of Tlhabane - Moraka cemetery	1 hectares	R800 000	Perimeter Wall fencing – Brick wall
Upgrade fencing - Monakato cemetery	1 hectares	R800 000	Treated wooden poles and razor mesh wire
Upgrade fencing & Additional Ablution - Phatsima cemetery	6 hectares	R1 200 000	Treated wooden poles and razor mesh wire, wall at the back.

Cemetery name	Size	Required budget	Type of fencing
Upgrade fencing- Lethabong cemetery 01	10 hectares	R800 000	Treated wooden poles and razor mesh wire
Upgrade fencing- Lethabong cemetery 02	6 hectares	R600 000	Treated wooden poles and razor mesh wire
Upgrade fencing- Lethabong cemetery 03			Treated wooden poles and razor mesh wire
Upgrade fencing - Donkerhoek cemetery	12 hectares	R800 000	400m of treated wooden poles and razor mesh wire installed during the financial year under review.
Fencing of Sunrise cemetery	3 hectares	R200 000	Treated wooden poles and razor mesh wire

3.8.7. PARKS AND OPEN SPACES

Status of Parks and Open Spaces in the Municipality

Ward	Description	Status
07	Tlhabane park GG (Pule street)	Needs overall development i.e. irrigation, lawn, planting of new trees
11	Tlhabane park (new)	Vandalized. Needs proper fencing, repair of ablution facilities, upgrading, repair of irrigation system, repair of braai area
09	Bester park	Partly developed. No fencing, swings, fencing, ablution facilities and braai area(s)
13	Noord / Kloofspruit park	Vandalized. Needs repair of fence, ablution facilities, Repair of kiosk, installation of play equipment and electrical components.
15	Paul Bodenstein Park	Vandalized. Needs fencing, repair of ablution facilities, dams, irrigation system, electricity, replace play equipment and water feature,
14	Joubert / Burgers Ford park	Fenced with bollards. Irrigation system needs to be repaired
18	Dawes park	Needs to be fenced with bollards. Needs play equipment
16	Kruisbessie park	Well fenced. Needs development
01	Phatsima hall and fire station surroundings	Both needs garden development
14	Main Library garden	Well developed
15	Civic centre	Well developed but irrigation system needs upgrading
14	Fire department	Well developed
08	Traffic department	Well developed. Needs repair of irrigation system
15	Visitors Information centre garden	Needs upgrading of irrigation system
42	Mpheni house and surroundings garden	Needs upgrading of irrigation system
16	Kremetart old age home garden	Well developed
31	Marikana RCC	Well maintained. Needs garden development

Staffing: Parks and Open Spaces

Position	Gender	Number
Section Manager	M	01
Admin Assistant	M	01
Regional Supervisors	M	02 (vacant x 2)
Assistant horticulturists	M	01
Horticulturist	M	02
Senior horticulturist	M	01 (vacant)
Generalist Worker	F	17
Generalist workers	M	18
Field ranger	M	01
Tractor drivers	M	06
Truck driver	M	01
Machine Operators	M	27
Team Leaders	M	02
	Total	79

Staffing: Cemeteries

Position	Gender	Number
Section Manager (same as Parks)	M	-
Admin Assistant	F	01
Aid clerk	M	01
Caretaker	M	01
Team leader	M	01
Generalist Worker	M	20
Generalist Worker	F	02
TLB Operators	M	02
	Total	28

CONSOLIDATED BURIAL REPORT 1 JULY 2020 – 30 JUNE 2021

MONTH	TOTAL NO OF BURIALS	AMOUNT
JULY 2020	137	R135 129.00
AUGUST 2020	109	R106 617.00
SEPTEMBER 2020	139	R136 309.00
OCTOBER 2020	93	R97 867.00
NOVEMBER 2020	121	R122 300.00
DECEMBER 2020	97	R96 500.00
JANUARY 2021	237	R236 029.00
FEBRUARY 2021	103	R163 600.00
MARCH 2021	88	R98 945.00
APRIL 2021	128	R117 634.00
MAY 2021	98	R101 269.00
JUNE 2021	114	R196 464.00
TOTAL	1464	R1 608 663.00

KEY FUNCTIONS CARRIED BY THE SECTION 2020/2021: PARKS AND CEMETERIES

- Grass cutting on municipal premises, sidewalks, open spaces including cemeteries.
- Tree pruning and branches collection.
- Garden maintenance.
- Digging and shaping of graves.
- Allocation of grave numbers and monitoring of funerals.
- Partnership with Redirela Sechaba and EPWP beneficiaries.
- Debushing utilizing a hired Front End Loader.

CHALLENGES FACED BY PARKS AND CEMETERIES SECTION

Unavailability of suitable land for cemetery development. The population is growing at a rapid pace, therefore there is huge residential and industrial demand for land to respond to the population growth.

- Graves with high mounds should be stopped – Maintenance is also an issue if mound remains as you cannot use ordinary grass mowing machines.
- Theft and Vandalism in cemeteries and parks.
- Lack of security personnel and reaction forces in cemeteries and parks.
- Limited budget for repairs and maintenance of cemeteries and parks.
- Poor turnaround time for repairs of fleet and equipment.

3.8.7 CIVIL & FACILITIES MANAGEMENT UNIT

INTRODUCTION

The objective of Civil & Facilities Management Unit which is entrusted with the responsibility of the custodianship of immovable assets/facilities is to improve by maintaining and upgrading all municipal buildings and facilities to ensure that these immovable assets adhere to set high standards and that are well kept and habitable at all times.

BACKGROUND

Civil & Facilities Management Unit is responsible for providing building maintenance to all buildings under the custodianship of the Municipality. There are more than 90 facilities that the Unit is responsible for and these facilities comprises of 14 Libraries, 14 Office Buildings, 16 Halls, 22 Sport Facilities, 6 Parks, 9 Cemeteries and 9 Regional Community Centre (RCC).

MAINTENANCE

Municipal properties/buildings are becoming dilapidated because of insufficient budget and the lack of security, vandalism, burglary and generally the ageing condition of the property/building.

The Unit's major project was the Upgrading of Mpheni Building, however the project was handed over to Project Management Unit (PMU), as they are key custodian of Project Management Activities and

this move will assist in providing relevant expertise on board with the better understanding on complex projects.

MAINTENANCE BUDGET

Civil & Facilities Management Unit had a budget of R4.9 million for 2020/2021 financial year, which is reduced to R4 million for 2021/2022 financial year. The Unit need more budget to accommodate all facilities, but due to financial constraint only few facilities can be prioritized.

COVID-19 RESPONSE BY THE UNIT

On the 23rd of March 2020, President Cyril Ramaphosa announced a national lockdown which started on the 26th of March 2020. This lockdown meant that some facilities were going to be closed and only essential services were allowed. Civil & Facilities Management Unit working together with Disaster Management Unit were able to make sure that all municipal buildings are sanitized and or fumigated in trying to fight the invisible enemy known as Corona Virus.

Covid-19 pandemic has affected the Unit very bad because most planned maintenance projects meant for maintenance and refurbishment were not executed and this has added from the existing backlog of facilities that need urgent attention in terms of maintenance.

CHALLENGES

The most common challenges are vandalism (and theft) to our facilities which can be linked to security. As a Unit, we have tried to find alternate maintenance materials where necessary, for example, we are replacing all damaged copper pipes with pvc.

Based on our assessment, vandalism or theft can be reduced if there is visible security personnel guarding our facilities 24/7.

ACHIEVEMENTS

The following were some of the achievements during the 2020/21 financial year:

The project to repair the waterproofing at Mpheni House roof was successfully completed on time with budget.

The damaged sewer pump in the septic tank at the basement of Mpheni House was replaced successfully.

With a new pump installed, we decided to install safety gate at the basement entrance to septic tank to restrict free movement of people to areas where they are not supposed to be.

We have refurbished the garages, which were burned during the unrest at Bojanala District Offices.

We have successfully managed, through partnership with PMU, to appoint a service provider for a three-year period to supply and deliver office furniture to Rustenburg Local Municipality as and when required.

Through partnership with Roads Unit, we have successfully completed in-house the project of unblocking the flood-line outside Mpheni House.

The Server Room was experiencing high temperature and there was a need to replace the air conditioners in IT Server Rooms at Mpheni House to avoid any damages to the server, the job was completed on time.

We have replaced the water pump which is supplying drinking water from the basement to the 8th floor of Mpheni Building.

New tools were procured and handed over to Artisan Electrician at Civil & Facilities Management Unit as tools of trades.

Window-panes were supplied and installed to various buildings of Rustenburg Local Municipality.

The refurbishment of the SMME Training Centre has been successfully completed.

We have successfully repaired and replaced the roller shutter doors at the Civic centre.

Mpheni House at the ground and first floors were re-painted as part of maintenance programmes under Civil & Facilities Management Unit.

COMPONENT C: PLANNING AND DEVELOPMENT

3.9 PLANNING AND HUMAN SETTLEMENT

3.9.1 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.

ESTATE ADMINISTRATION AND LAND SALES

1. UNIT PURPOSE

The purpose of the Unit Estates Administration and Land Sales is to ensure success in all administration of land transactions by providing precise information and understanding of the physical characteristics of the capital assets including applications management and analysis, land specific data compilation, facilitation of land surveys, report writing, and most importantly, compliance to all legislative prescripts.

2. FUNCTIONS

The Unit's primary function is to initiate, manage and co-ordinate the administration of real estates and land management within the municipal area; to provide strategic advisory role relating to activities of land capital investment, disposal of single asset and /or entire portfolios and identification of possible scenarios for the positioning of municipal land portfolio in the open property market. This function involves obtaining and maintaining value from the property portfolio by effectively administering and leasing, acquiring and selling, and ensuring maintenance of the property. Ensure continued success in all asset management operations by providing precise information and understanding of the physical characteristics of the portfolio or the assets.

3. LAND DISPOSAL

Council may alienate land or rights on land by means of direct sale, public tender, auction or donation once it is satisfied that such property or right is not required to provide the minimum level of basic Municipal service.

The Land Disposal section is tasked with the following responsibilities (but not limited to):-

- Manage all Council owned land
- Manage the lease of land to private parties, the mines, telecommunications and other organisations
- Issue rights to use land for servitudes and way-leaves; and regulate the use of the land
- Make sure that all land is sold for development purposes and not to third party
- Ensure that conditions of sale are being complied with
- Keep and maintain the asset register
- Manage availing land to government institutions and NGOs for social amenities

- Liaise with conveyancing attorneys to administer land sale transfers
- Meet development planners and interested parties for land availability discussions
- Analyse the development proposals and direct development when land is sold for development purposes.

3.13.1 Legislative Framework

The following legislative framework is what informs the disposal of land:

3.13.2 Municipal Finance Management Act (Act 56 of 2003)

Sections 14 read with 90 of the Local Government: Municipal Finance Management Act No 56 of 2003 (“the MFMA”) provide that the Municipality may not dispose of any of its capital assets needed to provide a minimum level of basic municipal services, unless in a meeting open to the public, has decided on reasonable grounds that the asset is not needed to provide such minimum level of basic municipal services. The fair market value of the asset and the economic and community value to be received in exchange for the asset must be considered. The transfer of ownership must be fair, equitable, transparent, competitive, and consistent with the Municipality Supply Chain Management Policy.

3.13.3 Rustenburg Land Disposal Policy

The objective of this policy is to provide a framework for the disposal or transfer of immovable assets or rights thereof and the management and use of Council’s immovable property in the event that the property is not subject to disposal, in a manner that would support the strategic objective of the municipality contained in its Integrated Development Plan and the needs and aspirations of the community that it serves.

3.13.4 Municipal Asset Transfer Regulations

The regulation would apply to all municipalities and municipal entities, transfers and disposals of all municipal capital assets, as well as hiring out arrangements. The legislation would also provide clarity on the governing principles, the definition of assets, the issue surrounding functions and service, the transfer or disposal of non-exempt capital assets, and a listing of the capital assets that were not exempted.

3.1.4 Alienation of Land Act (Act No. 68 of 1981)

3.1.5 Broad Based Black Economic Empowerment Act (Act No. 53 of 2003);

3.1.6 Development Facilitation Act (Act No. 67 of 1995);

3.1.7 Extension of Security of Tenure Act (Act No. 62 of 1997)

3.1.8 Land Use Management Bill;

3.1.9 Local Government: Municipal Finance Management Act (Act No. 56 of 2003) and its regulation no. 31346 of 22 August 2008, the Municipal Asset Transfer Regulations;

3.1.10 Municipal Supply Chain Management Policy Regulations (Act No. No. 27636);

3.1.11 Property Rates Act (Act No. 6 of 2004);

3.1.12 The Constitution of the Republic of South Africa (Act. No. 108 of 1996);

3.1.13 Spatial Planning and Land Use Management Act (Act16 of 2013

3.2 Disposal Projects/Programmes

3.2.1 Rapid Land Release Programme

The programme plans for the municipality's intended Program of residential, mixed use, community land releases with particular emphasis on the previously disadvantaged communities, within a well-planned environment. The programme is indicative and subject to change as forecast population changes, demand for land and the capacity to cost effectively deliver key infrastructure and services. The programme seeks to assist effective communication of the municipality's intentions or actions thereby avoiding the pitfalls of desperate people who would be vulnerable to exploitation and encourage people to be wary of land grabbers.

Through the land release strategy, legitimate beneficiaries would be able to get legal access to the property through transfer. The programme seeks to verify and quantify the total number of properties owned by the municipality. The process would provide economic incentives to invest in strategic parcels of land and thereby identifying specific precincts that stimulate economic and social development.

The following is the number of stands that have been issued with regards to the rapid land release programme in the following townships:

- Lethabong: A total of 1871 beneficiaries have been allocated. The total number of stands is 2000
- Monnakato: There are 500 stands identified for allocation, 485 beneficiaries have been identified.
- Phatsima: There are a total of 291 unserviced stands that are to be allocated. A list of beneficiaries for Phatsima Extension 3 has already been finalised and to date, a total of 123 stands have been allocated to qualifying beneficiaries.

4. LAND ACQUISITION

The Rustenburg Local Municipality requires land for Integrated Human Settlement. Economic expansion in the city, as a result of mining in the area resulted in high population growth and in-turn the sprawl of informal settlements. There are currently 24 profiled informal settlements in the Municipality and various requests for assistance have been sent to Government entities such as the HDA.

Land availability is a big challenge within the Rustenburg Local Municipality, with land ownership being vested in the hands of Traditional Authorities, Mines, Private owners and Government. Another issue is that of the concentration of mining rights within the jurisdiction; preventing any form of development on that particular land. These aspects impact on housing development activities within the jurisdiction.

Portion 8 of the farm Boschoek 103 JQ in the extent of 34 hectares was acquired by the Rustenburg Local Municipality.

Acquisitions have been initiated as a means of securing tenure and creating sustainable human settlements in the Rietvly, Marikana, Boitekong Cluster, Tlhabane (Yizo-yizo), Ikemeleng and Kroondal areas.

Portions 26 and 109 and of the farm Paardekraal 279 JQ was donated to the Rustenburg Local Municipality and is registered in the Council's name.

Acquisitions have been initiated as a means of securing tenure and creating sustainable human settlements in the Rietvly, Marikana, Boitekong Cluster, Tlhabane (Yizo-yizo), Ikemeleng and Kroondal areas and is illustrated as follows:

1. Agreements signed with regard to Portions 15, 39, 112 and 148 of the farm Paardekraal 279 JQ. These properties are for the upgrading of Popo Molefi/Mbeki Sun

2. Council signed contracts with regard to a donation on Portion 16, Portion 194 – 196, Portions 198 – 207, Portion 57, Portion 58 and Portion 135 of the farm Rooikoppies 297. These properties will be used for the upgrading of the informal settlements within Marikana.
3. Contracts signed on Portions 53, 99, 129, 157, Remaining extent of Portion 164, a portion of Portion 185 of the farm Kroondal 304 JQ. These properties are for the proclamation of Ikemeleng.

4.1 Expropriation of land:

Council is in the process with the following expropriations:

1. New negotiations with private landowners concerning the location of a servitude to provide water and electricity to Waterkloof East Extension 31.
2. Council with the assistance of HDA in progress with regard to the expropriation of Portion 45 of the farm Paardkeraal 279 JQ.
3. Expropriation of Portions 55, 183 and 184 is in progress. These properties is for the establishment of Marikana Extension 13.

4.2 Expropriation of land: Boschfontein

Council is in the process with new negotiations with private landowners concerning the location of a servitude to provide water and electricity to Waterkloof East Extension 31.

4.3 Payments regarding the Service Level Agreements on the provision of Roads:

During the Service Level Agreement certain costs are written off against the total bulk contribution that usually entertain the construction of roads for the cost of the developer and not for the council. Two such applications are currently in the process:

4. Waterkloof East Extension 43: Portion 363 of the farm Waterkloof 305 JQ:
5. Waterval East x 40

5. ADMINISTRATION OF MUNICIPAL FACILITIES

The Unit Estates Administration and Land Sales has recently taken over the functions of contract management for the following municipal facilities: Kloof Resort, Rustenburg Aerodrome, Rustenburg Golf Course and Bojanala District Municipality Offices. This entails checking for compliance in terms of the lease for the municipal facilities, this includes adherence to clauses in the lease agreement as well as timeous payment of the rental amount. These facilities are assets of the Municipality and through effective contract management can generate considerable revenue for the Municipality.

6. 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 st Quarter 2019	161 plans received
2 nd Quarter 2019	215 plans received
3 rd Quarter 2020	139 plans received
4 th Quarter 2020	72 plans received
Total	587 plans received

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 2020

Table 3.16 Rand Value for Building Plans

Vote Number	Vote description	Original budget	Income generated
165 017 1032	Building Plan fees	R795 849	R1 028 355

7. DEVELOPMENT PLANNING

Vote Number	Vote description	Original budget	Income generated
165 017 1032	Building Plan fees	R795 849	R1 028 355

7.1 Unit Purpose

The purpose of the Unit Development Planning is to provide strategic guidance in respect of the location and nature of development within the Municipality and guide the objective of creation and management of sustainable human settlements within a well-planned spatial structure. The Unit Development Planning is an umbrella that amalgamate the three sections which are Urban Renewal and Future Planning, Law Enforcement and Tribunal and Land Use Management.

7.2 Functions of the Unit

- Ensure that spatial planning, land development and land use management adheres to the development principles as stipulated in Section 7 of the Spatial Planning and Land Use Management Act, 2013 (Act No. 16 of 2013).
- Ensuring access to accurate and reliable strategies and spatial information to inform development and decision-making through effective and efficient Geographic Information System (GIS).
- Provide town planning information and developmental advises to municipal stakeholders (internal and external).

7.3 Section: Urban Renewal and Future Planning

- Facilitate future planning to the advantage of the entire population of the area.
- Manage all aspects relating to spatial forward planning within the area of jurisdiction such as identifying forward planning projects
- Provide short, medium and long-term spatial direction to municipal development through coordinating, developing and monitoring spatial development frameworks, policies, precinct plans, local area plans, etc.
- Establishment of sound Municipal Spatial Development Framework, precinct plans, urban renewal strategies and development guidelines.

7.4 Section: Land Use Management

- Determines and regulate the use of land within the municipality.
- Responsible for the evaluation and processing of land use and land development applications.
- Responsible for the evaluation and assessment of building plans and site development plans (SDP)
- To ensure an effective, efficient and integrated Geographic Information Management System
- Facilitation of land development through more active participation of the municipality in the land development process, especially through public-private partnerships

7.5 Section: Law Enforcement and Tribunal

- Ensures land use compliance with the land use scheme and municipal planning policies.
- Investigates and Monitors the alleged contraventions with the land use scheme.
- Manage the promotion of law enforcement in the municipal area
- Enforce all legal requirements in line with Section 32 of the Spatial Planning and Land Use Management Act 16 of 2013.
- Facilitate the Municipal Planning Tribunals to ensure an effective and efficient proceedings.

7.5.1 Municipal Planning Tribunal

A committee established by Council in line with Section 35 of the Spatial Planning and Land Use Management Act 16 of 2013. Members were appointed by Council on 29 September 2020 for a period of 5 years. Responsible to consider and take decision on Caterogy 1 application in terms

of Section 16(2) of the Rustenburg Local Municipality Spatial Planning and Land Use Management By-law, 2018.

Members:

- 1) Chairperson: Mr Mocketla Mamabolo
- 2) Deputy Chairperson: Mr Peter Hoffmann
- 3) Mr Phuti Mokobane
- 4) Ms Mphoentle Halenyane
- 5) Mr Thato Molwantwa
- 6) Mr Justice Matlhase
- 7) Ms Kelebogile Mekgoe
- 8) Mr Pierre Bergh

7.6 Legislative Framework

7.6.1 Spatial Planning and Land Use Management Act 16 of 2013 (SPLUMA)

The Spatial Planning and Land Use Management Act 16 of 2013 (SPLUMA) is a national law that was passed by Parliament in 2013.

The objects of the Act are to:

- provide for a uniform, effective and comprehensive system of spatial planning and land use management for the Republic;
- (ensure that the system of spatial planning and land use management promotes social and economic inclusion;
- provide for development principles and norms and standards;
- provide for the sustainable and efficient use of land;
- provide for cooperative government and intergovernmental relations amongst the national, provincial and local spheres of government; and
- redress the imbalances of the past and to ensure that there is equity in the application of spatial development planning and land use management systems.

7.6.2 Rustenburg Local Municipality Spatial Planning and Land Use Management By-law.2018

The Rustenburg Local Municipality approved its Spatial Planning and Land Use Management By-law in 2015, the By-law was reviewed in 2018. In line with Section 35(3) of the SPLUMA the By-law Categories the application into 2 (two) categories, Category 1 being land use and land development application referred to the Municipal Planning Tribunal and Category 2 being land use and land development applications referred to the Authorised Official. The Directorate Planning and Human Settlement intend on amending certain sections of the By-law in the 2021/2022 financial year.

7.6.3 Spatial Development Framework, 2010

The current Spatial Development Framework is outdated, the Directorate Planning and Human Settlement intend on review the Spatial Development Framework in the 2021/2022 financial year.

7.6.4 Rustenburg Land Use Scheme 2021

The Rustenburg Local Municipality compiled the Rustenburg Land Use Scheme 2021 in line with SPLUMA. The Rustenburg Land Use Scheme 2021 was proclaimed on the 20th July 2021.

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		
		2018/19	2019/20	2020/21	2018/19	2019/20	2020/21
1	Planning applications received	0	3	1	105	106	84
2	Applications withdrawn / Not approved	0	0	0	0	0	0
3	Applications outstanding at the end of the year	0	2	0	5	42	27

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	
Rustenburg Rural Housing	Rural Housing Project	1000	Foundation	515
			Wall Plate	515
			Completion	515
Lethabong	Project Linked	1000	Foundation	405
			Wall Plate	305
			Completion	178
Bokamoso	Greenfield	1600	Foundation	640
			Wall Plate	489
			Completion	215

COMPONENT D: 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 3.20 Roads and Storm Water Objectives

ROADS AND STORMWATER OBJECTIVES AS PER IDP: 2020/21 FINANCIAL YEAR						
Strategic Objectives	Key Performance Indicators	2019/20		2020/21		
		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	15%	10%	15%	-	10%
The municipality developed the Roads and storm water master plan for the Greater Boitekong area, traffic signal master plan and the Traffic calming strategy						

COMMENTS ON THE PERFORMANCE OF ROADS AND STORMWATER

The Roads and Stormwater in 2020/21 upgraded and maintained about 80km of roads through paving, road marking re-gravelling of rural roads including installation of speed humps and road signs. The directorate has 177 full time employees and continues to strive to ensure service delivery is improved in terms of service delivery for roads and stormwater.

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 2020/21 Financial Year

Table 3.20 Roads and Transport Capital Expenditure

Capital expenditure 2020/2021 Financial Year			
ROADS TRANSPORT			
Details	2020/21 Budget	2020/21 Actuals	Variance
	R'000	R'000	R'000
Capital project			
Infrastructure Municipal Infrastructure Grant Funded Roads			
Rustenburg Rapid transport – Public Transport Network Grant (PTNG)	R164 282	R156 781	R7.4

Table 3.21 Roads and Transport Objectives

RUSTENBURG ROADS AND TRANSPORT OBJECTIVES AS PER IDP: 2020/21 FINANCIAL YEAR						
Strategic Objectives	Key Performance Indicators	2019/20		2020/2021		
		Target	Actual	Original Target	Adjusted Target	Actual Performance
Improved public transport infrastructure	% improvement of public transport	96%	86%	100%	80%	76%
	Kilometers of roads & stormwater improved	100km	90km	100km	80km	80kmE

Table 3.22 PTNG Funds

FINANCIAL ACCOUNTING FOR PTNG FUNDS RECEIVED AND EXPENDED					
		Economic Entity		Controlling Entity	
NO.1	Details	2021	2020	2021	2020
		R'000	R'000	R'000	R'000
1	Balance unspent at beginning of year	125 856	182 810	125 856	182 810
2	Current-year receipts	164 282	218 911	164 282	218 911
3	Conditions met – transferred to revenue	(157 071)	(191 465)	(157 071)	(191 465)
4	Roll over not allowed	(125 856)	(84 400)	(125 856)	(84 400)
TOTAL		7 211	125 856	7 211	125 856

COMMENT ON THE PERFORMANCE OF ROADS AND TRANSPORT

The RLM remains committed to the transformation of our public transport infrastructure through the implementation of the integrated public transport system, Yarona. The Municipality is in final stages of negotiations with affected taxi operators who will collaborate with the RLM on the launch on the first phase of the project.

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 – registration.
- 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 with four Licensing Clerks/Cashiers appointed late 2019 under supervision of Acting Supervisor from Rustenburg Registering Authority. One Examiner & one Management Representative were also permanently employed.
- Learners License Appointment (class) finally resumed from the 07 June 2021 at Marikana Driving License Testing Centre (DLTC).
- Additional Supervisor (Licensing Clerk/Cashier) was appointed for Rustenburg Registering Authority.

Challenges Faced

- An estimated amount of R750 000.00 is needed for the construction of Public Toilets and Parking Shelter at the Marikana Registering Authority.
- Two more examiners are yet to be appointed for Marikana DLTC.
- The replacement of Weigh bridge was suspended because of financial constraints for this financial year.
- Appointment of Two (2) Supervisors for Marikana Station, are yet to be advertised by Corporate Support Services within the Licensing and Testing Unit.
- Robega Station is yet to install the Live Capturing Unit for the renewal of Drivers Licenses.
- Construction of shelter for clients waiting area.
- Two standby generators for Marikana and Robega stations is expected to acquire for next financial year.

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	
		2019/20	2020/2021	2019/2020	2020/2021
1	Number of vehicle licenses issued	99 096	181 501	R 62 371 256.50	R 82 357 990.00
2	Number of vehicles tested	465	390	R 97 650.00	R 81 900.00
3.	No of License Penalties	13 803	47 816	R 4 261 717.84	R 9 265 754.90
4.	Number of vehicles registered	29 857	37 164	R 3 625 176.00	R 4 458 360.00
5.	Number of registration penalties	164	1 286	R 31 200.00	R 88 584.00
6.	Number of Driving License Renewals	19 565	24 953	R 4 276 386.00	R 5 539 566.00
7.	Number of Driving License tests	3 438	5 208	R 843 786.00	R 1 312 416.00
8.	Number of learners tested	2 958	5 893	R 372 708.00	R 742 518.00
9.	Number of PrDPs issued	5 180	7 953	R 653 258.00	R 1 002 078.00
10.	Number of Permits issued	681	2 347	R 639 072.00	R 993 696.00
11.	Number of MV License Arrears	13 803	105 266	R 4 261 717.84	R 13 919 883.65

No	Details	Actual Performance		Revenue Generated	
		2019/20	2020/2021	2019/2020	2020/2021
12.	Number of duplicate deregistration cert	1 465	1 649	R 3 983 418.00	R4 363 636.00
13.	Number of vehicles scrapped	1 351	1 147	R 22 036.25	R 378.00
14.	No of Traffic Register (form used by Foreigners to buy vehicles)	281	92	R 0.00	R 20 426.00
15.	Number of learner's license test issued	2 075	2 703	R 261 450.00	R 340 578.00
16.	Duplicate of Learners License	140	271	R 17 010.00	R 34 146.00
17.	Temporary Driving License	12 690	115 248	R 897 624.00	R 1 280 832.00
18.	Application for Roadworthy	591	679	R 127 362.00	R 1 42 590.00
19.	Vehicles brought for Weighbridge	0	0	R 0.00	R0.00
20.	Confirmation of Driving License	23	19	R 1 449.00	R 1 197.00
21.	Transaction Fees –RTMC	85 289	187 107	R 5 900 448.00	R 6 884 344.00
22.	Other License Fees				
TOTAL REVENUE				R11 210 797.25	R 12 868 127.00

Table 3.24 Financial Performance: Expenditure 20/21

2019/2020

Actual This Period	Actual YTD	Annual Budget	Variance
98 720 339	98 720 339	-42 243 174	-140 963 513

2020/2021

Full Year Budget	Year to Date Actual	Variance
- 135 643 359.28	15 876 863.71	- 151 520 222.99

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 E: SAFETY AND SECURITY

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

3.13. LAW ENFORCEMENT AND SECURITY SERVICES, TRAFFIC SERVICES EMERGENCY AND DISASTER MANAGEMENT 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.

3.13.1 Law enforcement statistical data

No	Details	2019/2020	2020/2021	
		Actual	Target	Actual
1	Number of illegal connections for the year	43	43	10
2	Number of water illegal connections for the year	58	58	0
3	Number of by-law infringements notices for the year	934	934	400
4	Number of illegal dumping fines issued during the year	33	33	57
5	Number of law enforcement officers on duty on an average day	28	28	15
6	Number of general complaints attended	472	472	310
7.	Number of protests and events attended	54	54	20
8.	Number of awareness campaigns conducted	47	40	25

Table 3.26 Financial Performance: Expenditure

2019/2020

Actual Period	This Actual YTD	Annual Budget	Variance
10 578 432	10 578 432	33 215 920	22 637 488

2020/2021

Full Year Budget	Year to Date Actual	Variance
2 132 427.96	151 544.53	1 980 883.43

3.13.2 Traffic Services statistical data

No	Details	2018/2019	2019/2020		2020/2021	
		Actual	Target	Actual	Target	Actual
1	Number of traffic accidents for the year (minor)	556	0	392	392	425
2	Number of fatalities for the year	3	0	11	11	11
3	Number of vehicles stopped for the year	20 333	20 333	30 473	30 473	30 621
4	Number of traffic fines issued during the year	16 118	18 000	19 999	19 999	27 816
5	Number of traffic officers on duty on an average day	20	20	18	18	21
6	Number of escorts attended to	38	38	42	42	160
7.	Number of warrants operations	465	465	470	470	547
8.	Number of road safety awareness campaigns	47	47	50	50	50

3.13.3 Municipal Court statistical data

No	Details	2018/2019	2019/2020		2020/2021	
		Actual	Target	Actual	Target	Actual
1	Number of Court rolls	213	233	187	187	185
2	Number of Cases on the roll	14 476	15 000	14 579	14 579	17 262
3	Number of Cases withdrawn	3 713	0	4 506	4 506	4 166
4	Number of Cases struck off the roll	3 934	0	3 806	3 806	6 954
5	Number of Warrants of arrest authorized	10 542	12 000	6 267	6 267	6 142
6	Number of Drunk and driving cases recorded	447	0	179	179	0

No	Details	2018/2019	2019/2020		2020/2021	
		Actual	Target	Actual	Target	Actual
7.	Number of Reckless and negligence driving cases	643	0	125	125	0
8.	Number of admissions of guilty cases	593	0	8	8	0

Financial Performance 2020/2021 Financial Year

Table 3.27 Financial Performance:

Actual 19/20	Actual YTD	Annual Budget	Variance
33 179 436	33 179 436	64 862 358	31 682 923

Full Year Budget 20/21	Year to Date Actual	Variance
81 914 719.57	58 212 302.20	23 702 417.37

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:

Actual 18/19	Actual YTD	Annual Budget	Variance
12 563 194	12 563 194	38 204 632	25 641 438

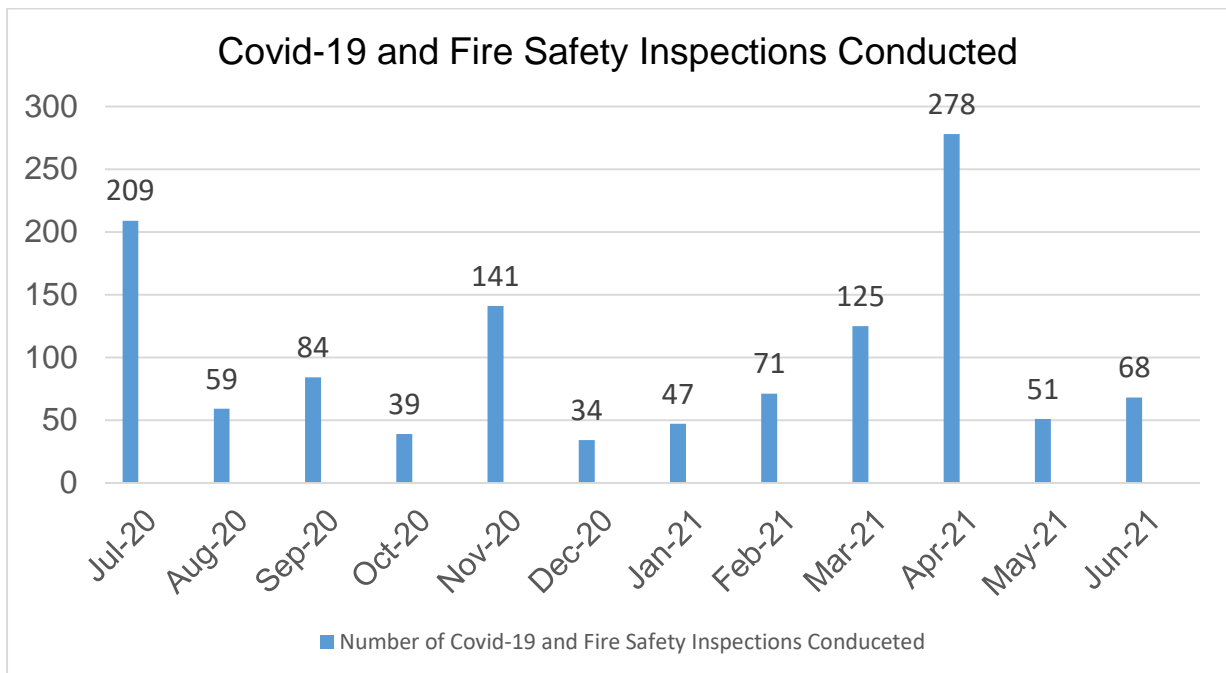
Full Year Budget 19/20	Year to Date Actual	Variance
38 958 428.00	21 851 713.25	17 106 714.75

Full Year Budget 20/21	Year to Date Actual	Variance
52 944 040.00	37 656 584.04	15 287 455.96

NUMBER OF COVID-19 AND FIRE SAFETY INSPECTIONS CONDUCTED

Fire safety inspections are conducted in business premises to prevent the phenomenon of fires and disasters within the jurisdiction of Rustenburg LM. Inspections are conducted in the following categories: Building Plans, Flammables Permits, Transport Permits, Hydrant Inspections, Inspections on request, Information release and Fire by-law enforcement.

- 99 x Fire By-Law Enforcement Conducted;
- 336 x General Fire Safety Inspections & Covid-19 Inspections;
- 180 x Transport Permit Issued;
- 115 x Flammable Liquid Registration;
- 95 x Fire Plans attended;
- 257 x Fire Hydrants;
- 124 x Information Release.



- Covid -19 and Fire safety inspections conducted during 2020-2021 financial year are calculated at one thousand two hundred and six (1206).
- Enforcement of compliance through inspections play a significant role in the reduction of the spread of Covid-19 and the phenomenon of fires, that may escalate to disaster situation.

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

Performed the following activities during Disaster Management Services activities undertaken during the period under review (2020/2021):

- 12 x Risk assessments and Rapid incidents assessment
- 122 x Education and Awareness Campaigns
- 3 x Workshops
- 22 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

No	Key Performance Area	Details	Progress Made
1.	Integrated Institutional Capacity for Disaster Risk Management	Arrangements required for stakeholder participation and engagement of technical advice in disaster management planning and operations were adhered to.	Adhoc section 7(2) (e) of Disaster Management Framework of 2005) Response Task Team and Risk Assessment Technical Advisory Team were established (Sub Advisory Team, Mine, Education,

No	Key Performance Area	Details	Progress Made
			Faith Organizations, SASSA and Department of Health were established.
		The following Disaster Risk Management Plans were sent to public participation for review in 2015/2016 financial year: Disaster Management Plan, Emergency Plan and Relief Policy	The Disaster Risk Management Plans were approved by Council.
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 Unit 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	<p>Disaster risk reduction measures were implemented during the period under review. Public education and awareness sessions were conducted in various places of the Rustenburg municipal jurisdiction.</p> <p>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.</p>	One hundred and twenty two (122) Awareness Campaigns were conducted.
4.	Response and Recover & Enabler 1	Local communities who experienced emergencies like floods and shack fires were also assisted during the period under review through the provision of emergency accommodation, food parcels and blankets, while waiting for their damaged homes to be repaired	Communities who were affected by the Disasters e.g. Fire, storms and floods were assisted and referred to the relevant stakeholders for further assistance. E.g. Home Affairs, SASSA and Traffic and Licensing.
5.	Safety at Sports and Recreational Events	Disaster Management Services monitor and measure performance and evaluate disaster management	The following types of events are catered for sports, music, festivals, political rallies etc

No	Key Performance Area	Details	Progress Made
		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).	

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. Achieve golden hour response time.
By-laws, campaigns and projects	<p>Crime Prevention through Environmental Design / Safe and Clean City campaign:</p> <p>Multi-disciplinary Operations</p> <p>Execution of illegal trading in the CBD and Taxi Rank on daily basis:</p> <ul style="list-style-type: none"> • Enforcement of Impoundment By-Law • Execution on non-compliance on Fire by-laws • Regulation of point duties on R510 and R24 road on daily basis • Issuing of parking offences in the CBD • Removal of illegal advertisement on municipal land. • Rendering of security and escorts during mayoral outreach visits and VIP'S, International, National and Local events • Enforcement of illegal connection of water and electricity. • Enforcement of illegal dumping by-law • Mine Crime Combating Forum (MCCF) • Municipal Intervention Scheme and Patrols (MISAP) and Community Safety Patrollers Programme • Enforcement of Public Gathering's Act <p>Inspectors of Licenses at motor vehicle dealerships</p> <p>Conflict Resolution Committee</p>

OPERATION	ACHIEVEMENTS
	<p>Land use by-law enforcement</p> <p>Establishment of Community Policing Forum</p> <p>Joint Crime Prevention/ Multi-disciplinary operations</p> <p>Serving in various Joint Operating Coordinating Committee, Cluster Joint Operating Coordinating Committee and Priority Committees for Special events.</p>
Valuation Services	<p>Valuation in this instance may take two forms i.e. Adhoc and Valuation in terms of the Municipal Property Act. The purpose for the former valuation is to determine the market value of the municipal property to be disposed or leased.</p> <p>In this regard the Unit: Legal and Valuation assists Directorates in the facilitation for the appointment of professional valuers as well as to provide all the information to the Valuer.</p> <p>With regard to valuation in terms of the Municipal Property Act, the Municipality has already appointed a municipal valuer who is responsible for the compilation of the valuation roll as well as the supplementary roll.</p> <p>In terms of the case law on 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.</p>
By Law Services	<p>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.</p> <p>During the period under review, the unit managed to introduce new bylaws (4) which one was approved and 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.</p>
Safe and Clean City	<p>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.</p> <p>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.</p>
Community Outreach	<p>IGR has embarked on many community outreaches for Government departments to bring services closer to the people.</p>

COMPONENT F: 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

While the COVID-19 lockdown regulations impacted negatively on investment attraction, the Municipality welcomed the official opening of the Rustenburg Mall that created opportunities for the local SMMEs including job opportunities for the local communities. In addition, the Municipality was able to fast-track way leave approvals for the fibre optic infrastructure roll-out that will undoubtedly enhance the City’ value proposition given the now increasing demand for network connectivity and the 4th industrial revolution.

While fewer development opportunities could be identified and be facilitated, the Catalytic Projects Steering Committee continued to engage potential investors on various opportunities including the University Precinct, Fresh Produce Market and the Revitalization of the Rustenburg Showgrounds. The catalytic projects pipeline is now being enhanced through packaging of infrastructure and town planning status of the targeted properties for development.

By the end of the financial year, the Municipality had facilitated the investment into the showgrounds and the fresh produce market as proposed by the Impact Catalyst led by Anglo American Platinum and Exxaro.

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. The three units work in collaboration to provide cohesive project implementation for the Directorate.

Unit: Enterprise Development

The Unit is responsible for the development and support of enterprises (Small Medium and Micro Enterprises, Co-operatives and Informal Traders) 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 and private sector programmes, these included 475 general workers appointed through the different Infrastructure Projects which include general construction

work, cleaning Municipal facilities, sidewalks, grass cutting and pruning of trees; at least 1 182 were employed through the Rustenburg Mall construction; the private sector fibre infrastructure rollout programme created at least 328 job opportunities during construction; 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 247 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 and will now start implementing the increased 40% sub-contracting procurement opportunities for local SMMEs. The Unit has assisted the SMMEs with compliance readiness to access opportunities, the support provided includes facilitation of SARS appointments, CSD registration, CIDB registration, bank account referrals and the registrations of companies and co-operatives.

Local enterprises have also been offered other business support services which includes compliance registration, business advisory, capacity building and networking platforms. A total of 1 285 SMMEs and co-operatives were provided with development support interventions. The interventions for the Co-operatives, SMMEs and informal traders were in collaboration with multiple stakeholders including Companies and Intellectual Property Commission; South African Revenue Services; Small Enterprise Development Agency; CIDB; ABSA; North West Development Corporation; SALGA, United Nations Development Programme, DPWI and DEDECT amongst others. It was difficult to access services from most stakeholders due to the Covid 19 restrictions. SALGA and the UNDP donated grocery stock vouchers and sanitisers to 8 Informal Traders. 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 Municipality has partnered with Lepharo Incubator to help the Municipality to develop and support sustainable enterprises across key sectors. The objective of the Lepharo incubation programme is to ensure that emerging and existing small business entrepreneurs in the engineering, manufacturing, industrial development, green economy and agro-processing sectors survive the start-up period and grow into confident, successful business who are well grounded financially and secure in their knowledge of how to manage a productive business. The investment for the development SMMEs is done to ensure they grow and create sustainable work opportunities for the Rustenburg Economy.

The Municipality in partnership with the Department of Public Works and Infrastructure have established the Vuk'uphile Learnership Programme which intends to develop emerging contractors into fully fledged contractors to be able to execute labour-intensive projects. The emphasis of the programme is to develop administrative, technical, contractual, managerial and entrepreneurial skills of the learners.

Unit: Rural Development

The Unit 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 promotion and development, Arts, Culture and Heritage development.

These focus areas have been supported by the following projects:

1. Agriculture Development Support Programme

The Agricultural Development Support Programme that has been approved by Council in 2018/2019 financial year is currently being rolled out since October 2019. 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 following projects were identified as flagships to support local farmers in developing the agricultural sector:

- **Sunflower Production (Precision planting)**

The Rustenburg Local Municipality identified the Sunflower production project as the potential commodity in Rustenburg since most farmers are engaged in it. The climatic potential and the availability of land suitable for sunflower crop production posed a great opportunity for developing the sector.

The total land identified is 34 000 hectares around Rustenburg for crop production. The land available for cultivation is 12 000 hectares. Currently the Municipality is looking for resources to implement the project full scale. The aim is to start with 6000 hectares and implement the project gradually until mass production is reached. Agro-processing opportunities once mass production is possible, will be exploited.

Sunflower flagship will enable farmers to participate in a well-managed programme with proper guidance and training. Farmers will be equipped with necessary skills to emerge into commercial farming. The target is 100 farmers participating in the programme with women and youth included.

The Municipality through Local Economic Development Directorate spent the 2019/20 Financial year engaging with stakeholders for collaboration in the programme. Various stakeholders including the commercial banks, the mining sector and government departments were robustly engaged. The implementation is envisaged in the 20/21 financial year.

- **Farmer Production Support Unit (FPSU)**

The Rustenburg Local Municipality Council approved the establishment of the Rustenburg Farmers Production Support Unit at the Rustenburg show grounds. The five hectares of land was allocated for the FPSU. The FPSU seeks to resuscitate the agricultural activities and to revamp the infrastructure. The farming community would be able to benefit from the FPSU in many ways through hosting of agricultural events such as shows, auctions, trainings, and study groups and information sessions on different aspects of farming.

The Department of Rural development through the Agri-Parks programme is the driver of the FPSU and engagement to fund other activities have been on going. The Private sector involvement is also sought to ensure sustainability of the FPSU.

- **Amaranthus Research and Development**

The Municipality through the implementing company Agriworld Global have implemented the Amarynth Research project at the Agricultural Research Council (ARC). The Department of Agriculture and the University of the North West are part of the research. The research is conducted on the Amarynth (Thepe in Setswana) and seeks to explore all benefits of the crop. The results will be published and farmers will be allowed to participate in the planting of Amarynth for economic benefits.

- **Agricultural project Support**

In the 2020/2021 the following projects were successfully supported by the Municipality:

- Irrigation infrastructure support at Tlholakga Secondary Cooperative (Bethanie Ward 29)
- Irrigation infrastructure support at African Food Addict (Boekenhoutfontein Ward 1)
- Irrigation infrastructure support at Keneilwe Pheny Fresh Produce (RietVlei Ward 16)
- Irrigation infrastructure support and shade netting at Mputle Agricultural Projects (Luka Ward 2)
- Piggery housing infrastructure at Chaz Piggery (Bethanie Ward 29)
- Cjawe Poultry Project (Phokeng- Kookfontein 2)

2. Tourism Promotion and Development

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 key areas of focus in developing tourism included the following:

- Operationalisation of the Visitors Information Centre (VIC), Tourism Information Development (TIDC) Centre
- Completion of the newly Flea market
- Establishment of the Rustenburg Tourism Forum
- Identification of crafters
- Allocation of craters / exhibitors stalls
- Advertised an opportunity for small businesses to establish a coffee shop/eatery inside the flea market
- Advertised an opportunity for small business to lease offices at the TIDC
- Facilitation of the Tourism Consultative Sessions

3. Events Supported by the Directorate

- Spring has Sprung
- My African Wonderland
- Kiddies Festival
- Munchies Festival
- Fill-up Royal Bafokeng
- Ikitse Cultural Festival

- Tourism Consultative Session

4.COVID-19 Support Identification of quarantine and Isolation facilities

Bed &Breakfast and Guest Houses/ Lodges

- Ons Dorp Huis -13 Rooms 13 Beds
- Thaba Legae -12 rooms 21 Beds
- Ananda Guest Lodge -56 Rooms 112 Beds
- TNT Bed & Breakfast-16 Rooms 22 Beds
- Tshenolo Guest House-6 rooms- 15 beds

RUSTENBURG HOTELS-Quarantine and Isolation Sites

- Rustenburg Road Lodge 12 Executive Rooms and 10 Standard rooms
- Kings Gate Hotel 12 Executive Rooms and 10 Standard rooms
- Stay Easy Hotel Lodge 12 Executive Rooms and 125 Ensuite Rooms
- Excalibur Hotel 10 Executive Rooms and 10 Standard Rooms
- Sundown Ranch Hotel 12 Standard rooms 13 Family Rooms 4 Executive rooms

COVID-19 Tourism Relief Fund Applications

- Zimasa Travel
- Thaba Legae Guest House
- Mary's BnB
- Mogro Lodge
- Dew Drop Health Spa
- KnB Bed & Breakfast
- Tshiberry Guest House
- Tshenolo Guest House
- TNT Bed & Breakfast
- Tshenolo Guest Lodge
- Segaillele Guest House
- Nare Travel and Tours
- Franka's Guest House
- Ons Dorp Huis
- Mesora Day Spa
- Bietjie Berg Guest Farm
- Kudu'slodge
- Rustenburg Boutique Hotel
- Bou BnB
- Letsatsing Lodge

COVID-19 Information Sharing and Dissemination

- Updates on regulations
- Masterclasses
- Updates on Covid-19 Statics and Progression
- Webinars

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 processes to implement the new North West Business Licensing Act, no. 3 of 2019. The Act repealed the Business Act, no. 6 of 1997, and the North West Provincial Gazette no. 6581 of 2009 which granted the municipality authority to license businesses operating in its area of jurisdiction. The Rustenburg Business Regulation Committee has been established by the Accounting Officer in February 2018 and performs functions of implementing business related policies, by-laws and other regulations in collaboration with other municipal directorates and 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 aims to develop sustainable and commercial enterprises that use various waste products as inputs into manufacturing new consumer products. Council approved the concept as item 127 of 29 May 2018. An information brochure has been developed to inform and attract interested registered enterprises to participate in the programme. The role of the Directorate will be to stimulate government and private stakeholders to support Green Economy projects 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. The Directorate has established a Green Economy Development Technical Committee in collaboration with Directorate: Community Development, to receive, analyse the size/scope/feasibility of proposals and prioritise project proposals prior to implementation or submission to the Catalytic Projects Fast Tracking Committee.

Rustenburg Local Municipality Investment Incentives Policy:

Council approved the policy in 2019 to enhance investment attraction for high-impact, catalytic projects into the municipality, through the use of financial and non-financial rebates. The policy was approved as part of the Budget and Treasury Office (BTO) after public participation/comments processes were finalised. The policy will be reviewed to enable implementation and alignment with the priorities in the IDP.

Rustenburg Local Municipality Outdoor Advertising By-Law, no. 1 of 2019:

This By-Law was promulgated to replace the previous bylaw which was reviewed to accommodate developments in the outdoor advertising space, in collaboration with the Unit: Legal and Valuations, to ensure that it met the standards set by government. Applicable tariffs have been approved as part of other municipal budget related policies. The function to assess applications is performed in collaboration with other municipal directorates through the Business Regulations Committee outdoor advertising signs. Since promulgation, individuals and companies are required to apply for approval in compliance with the By-Law. Other work on the management of the outdoor advertising function include the auditing of the existing billboards, to compile a database of all the outdoor advertising signs, 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	PROGRESS
Manufacturing and industrial development	<ul style="list-style-type: none">The engineering, mining and manufacturing incubation has been established with centre now operational at Rustenburg Noord. The programme aimed at developing local capability in especially mining supply and beneficiation, is implemented in partnership with the Lepharo Incubation. The programme is expected to attract local SMMEs in mining, engineering, construction, and other key sector of the local economy as prioritized by the Municipality for growth and development.
Tourism	<ul style="list-style-type: none">RUSTENBURG GATEWAY PRECINCT (Municipality has designated land for investment opportunity in the Convention Centre & Hotel development)Rustenburg Flea Market is complete and officially opened. Number of local crafters are now occupying the flea market and trading
Education Agriculture	<ul style="list-style-type: none">Educational Hub (University Precinct has been identified as a flagship to develop Rustenburg as an Education Hub and the Municipality continues to engage interested parties and potential investors)
Agriculture and Agro-processing	<ul style="list-style-type: none">The development of the Rustenburg Fresh Produce Market. Impact Catalysts have expressed interest in developing a fresh produce market in Rustenburg. The project is currently undergoing feasibility to also determine the impact the project will have in supporting the local agricultural sector.
	<ul style="list-style-type: none">Implementation of the Agricultural Development Support Programme aimed at supporting various agricultural projects across Rustenburg to promote the development of the agriculture sector is an ongoing process.

Table 3.37: Local Economic Development Objectives as per IDP

COMMENTS ON THE PERFORMANCE OF LOCAL ECONOMIC DEVELOPMENT

- Established the Rustenburg Economic Advisory Council (REAC) in November 2020, comprising of five (5) external management, financial, economics and engineering professionals to support the revitalisation and diversification of the local economy. The REAC is chaired by the Municipal Manager and commenced operations in March 2021. It is tasked with the implementation of catalytic projects in the Post-Covid-19 Programme of Action.
- Council approved the establishment of Lepharo Incubator in November 2020 to provide SMMEs in the manufacturing, engineering and green economy sectors to grow from start-ups to commercially viable ventures.
- The Municipality has commenced with the roll-out of fibre technologies in the area to enhance internet connectivity, job creation and local SMME development
- A sectoral analysis was conducted, informed by the Rustenburg Regional Masterplan 2040 Game Changer Projects and prepared for prospective investors.

PROJECT	STATUS
Rustenburg Mall	Rustenburg Mall opened in April 2021
Bellevue Lifestyle Centre	Sale and Development Agreement Stage
Fresh Produce Market	Feasibility Stage
Waterval Industrial Development	Town Planning Stage
University Precinct	Investment Promotion / Facilitation Stage
Convention Centre & Hotel	Investment Promotion / Facilitation Stage
Safari Investment Mixed-Use	Town Planning Stage

COMPONENT G : 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, inspections and risk assessments to their employees to ensure their health and safety and those of visitors. Below are the services that were provided regarding occupational health and safety during the 2020/2021 financial year:

Table 3.38 Number of Services Provided

No	Service Provided	No: of Cases/Programmes
1.	Employee Wellness Management Program	<ul style="list-style-type: none">Employee Assistance Interventions: 80 casesEmployee Wellness Days: 548
2.	Number of employees who attended Wellness Information Sharing Sessions and Wellness Days.	Wellness Information Sharing Sessions: 231
3.	OHS inspections conducted	Inspections conducted: 58
4.	Risk Assessments conducted within directorates	Risk Assessments conducted: 4
5.	OHS Information Sharing Sessions	OHS Information Sharing Sessions: 11
6.	OHS Audits conducted within directorates	Audits conducted within directorates: 4

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	2020/2021	
	Ordinary Meetings	Special Meetings
Council	6	6

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

3.19 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.

The unit planned twenty-four (24) internal audits for the year under review in accordance with the approved annual operational plan for the year 2020/2021 as per the Three Year Rolling Strategic operational 2019-2021.

Table 3.41 Financial Performance

NO:	Audit description:	Type of audit:
1	Traffic fines reconciliation RLM CE01-2020/21	Assurance
2	Public safety reconciliations (80/20 Licences) RLM CE03-2020/21	Follow – up
3	Non-statutory deductions	Ad-hoc
4	Acting Allowance	Ad-hoc
5	Audit of performance information (Municipal SDBIP & Directorate SDBIP) 3 rd Quarter RLM CE09-2020/21	Assurance
6	Audit of performance information 2020/21 (Q1, Q2, Q3 and Q4)	Assurance
7	Audit of performance information Top Layer (2 nd Quarter / Mid-year) 2020/21	Assurance
8	Annual Financial Statement 2020-21 Review RLM CE07-2020/21	Assurance
9	Annual Financial Statement 2020-21 Review	Assurance
10	Audit of the Annual Performance Report (APR) RLM CE07-2020/21	Assurance
11	Internal Audit assistance to Audit General: <ul style="list-style-type: none"> a) Property, Plant & equipment verification <ul style="list-style-type: none"> (i) Movable assets (ii) Land and buildings (iii) Investment Properties (iv) Work in Progress (v) Infrastructure Assets b) Employee verification c) Councilors verification 	Direct assistance
12	IT Audit	Assurance
13	Overtime (Period September 2019 – February 2020)	Assurance
14	SCM Internal Controls	Assurance
15	MSCM Regulation 36 (advisory)	Advisory

NO:	Audit description:	Type of audit:
	(i) Supply Chain Management Bid Committees (28 August 2020). (ii) Request for exemption from normal procurement progress to use Regulation 36 of the MFMA Supply Chain Management (13 August 2020). (iii) Municipal Supply Chain Management Regulations, Regulation 36 (Deviation) (Check list) (4 January 2021).	
16	Supply Chain Management Process Review: (a) RLM/DRT/0040/2019/20 (b) RLM/DCD/0067/2018/19 (c) RLM/DRT/0017/2019/20 (d) RLM/DTIS/0039/2018/19 (e) RLM/DTIS/0079/2019/20 (f) RLM/OMM/0031/2020/21 (g) RLM/DCD/0034/2020/21 (h) RLM/DTIS/0030/2018/19	Assurance
17	Annual Stock Count	Assurance
18	Risk Management Audit (Follow up)	Assurance
19	Section 46 report Review (2019/2020)	Assurance
20	Deviations: a) Electronic Fleet Monitoring (Tracking) System including the supply and installation	Deviations
21	b)Wet Waste Collection Services on a month to month basis not exceeding six months.	Deviations
22	COVID-19: Upgrading of water supply infrastructure in Syferbult	Deviations
23	d) COVID-19:Upgrading of water supply infrastructure in Maditlhokwe Informal Settlement	Deviations
24	e) COVID-19:Provision of temporary water supply in Rietvlei	Deviations
25	f) COVID-19:Augmentation of water supply infrastructure in Boschfontein	Deviations
26	d) g) COVID-19:Provision of temporary water supply in Phoane	Deviations
27	h) COVID-19:Erection of a 3 ML steel tank at Tierkloof	Deviations

3.20 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE 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

Table 3.42 Core Functions of Corporate Support Services

Section	Core Function
Section 1: Recruitment	<ul style="list-style-type: none"> • 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. • It is also responsible for the facilitation and coordination of the recruitment and placement processes; management of the HR information system as well employee benefits administration.
Section 2: Employee Relations	<ul style="list-style-type: none"> • 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. • It is also responsible for collective bargaining, conflict management, and cordial interpersonal relations.
Section 3: Organizational Development & Work-study	<ul style="list-style-type: none"> • To develop and maintain organizational structures • Provide organizational development and work-study services for the entire municipality.
Section 4: Training and Development	<p>The section provides the following employee capability management services:</p> <ul style="list-style-type: none"> • Identification of training needs; • Development and implementation of the workplace skills plan; and • The management of financial assistance programme for capacity building and training purposes.
Section 5: Occupational Health and Safety	<ul style="list-style-type: none"> • The section ensures the maintenance of a healthy and safe work environment. • 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).

Employment Statistics:

A total number of 10 employees were appointed from 01/07/2020-30/06/2021 through the normal recruitment process.

Performance:

The Evaluation Panel recommend payment of performance bonuses for the director of Local Economic Development other senior managers achieved the minimum performance score below 130% .

Leave days:

Annual leave total from 1/7/2020 – 30/06/2021: The leave register indicates that a total number 64 299 working days were taken by municipal employees.

- Annual Leave = 38 145
- Sick Leave = 15 119
- Maternity Leave = 2 098
- Study Leave = 1 259
- Family responsibility = 1 155
- Long Service = 4 933
- Injury on Duty = 549
- Special leave = 1 041

The following programmes were implemented:

Table 3.43 Financial Performance

Learning Programme	Duration	No of Learners	Source of Funding
1. Fire Appliances Restoration	5 Days	5	WSP/RLM Funding
2. Bid Committee Training	5 Days	32	WSP/RLM Funding
TOTAL AMOUNT SPENT		37	R197, 522. 39
3. First Aid	1 Day	20	Service Provider (Lateral Uniso Insurance Brokers (Pty) Ltd)
4. Accident & Incident Investigation	1 Day	20	Service Provider (Lateral Uniso Insurance Brokers (Pty) Ltd)
5. Hazard Identification Risk & Assessment Control	1 Day	20	Service Provider (Lateral Uniso Insurance Brokers (Pty) Ltd)
TOTAL BUDGET SPENT RLM WORKPLACE SKILLS PLAN (37) (COGTA) = 60			R197 522. 39

Support Service

Employee wellness services and educational programmes, such as Employee Assistance Programme and Occupational Health and Safety, etc. were provided to a total number of one thousand one hundred and twenty-two (**1122**) employees during the 2020/21 financial year.

The following support services were rendered to municipal employees:

- Employee Assistance Interventions: **82** cases;
- Occupational Health Services: **274** cases;
- COIDA :**69** cases
- Wellness Educational Programmes: **548** cases;
- Wellness Information Sharing Sessions:**231**

Table 3.44 Statistical Information

No	Detail	Total Number
		2020/2021
1	Disciplinary cases: Handled	29
	Disciplinary cases: Finalized	17
	Disciplinary cases: Outstanding	12
2	Suspensions	28
3	Dismissals	8
4	Grievances: Handled	24
	Grievances: Finalized	20
	Grievances: Outstanding	4

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
Ms Ziporrah Diale	Deletion of institutional information and insubordination	12 Aug 2020 to 31 May 2021	Disciplinary action was taken against the employee and the hearing was finalized on the 31 May 2021	31 May 2021
Mr Katlego Mako	Disclosure of Confidential Information	06 Jan 2021 to 26 April 2021	Disciplinary action was taken against the employee and the hearing was finalized on the 26 April 2021	26 April 2021
Mr Jackson Teme	Insubordination	07 June 2021 to date (As at 30 June 2021)	Disciplinary action was taken against the employee and the hearing is still pending.	The matter is not yet settled
Mr Alfred Ramafoko	Gross insubordination	18 March 2021 to date (As at 30 June 2021)	Disciplinary action was taken against the employee and the hearing is still pending.	The matter is not yet settled
Mr Thamsanqua & 23 others	Intimidation & assault	31 May 2021	Disciplinary action was taken against the employees and the hearing is still pending.	The matter is not yet settled.

COMMENTS ON THE OVERALL PERFORMANCE OF HUMAN RESOURCES

- For the previous financial year, the Council managed to appoint 10 new employees.

3.21 LEGAL AND VALUATION UNIT

INTRODUCTION

The Unit: Legal and Valuation Services is situated within the Office of the Municipal Manager 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 Single 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.

Compliance	<ul style="list-style-type: none">• 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;• The Delegation of Powers Framework as required by legislation is in place.• The Unit is providing directorates with assistance in reviewing existing By-laws and Policies as well as new By-laws including the promulgation
Contract Management	<ul style="list-style-type: none">• Legal Unit provides support and advice regarding the drafting, negotiation and settling of service level agreements as required by MFMA.• 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;

Litigation

- 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.
- 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.
- 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;
- 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 108cases. The cases are as follow:

Litigation	2018/2019	2019/2020	2020/2021
<ul style="list-style-type: none">• Cases instituted against Municipality	52	75	94
<ul style="list-style-type: none">• Cases instituted for the municipality	17	7	14

Table 3.42 Core Functions of Corporate Support Services

Section 1: Recruitment	<ul style="list-style-type: none"> • 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.
Section 2: Employee Relations	<ul style="list-style-type: none"> • 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. • It is also responsible for collective bargaining, conflict management, and cordial interpersonal relations.
Section 3: Organizational Development & Work-study	<ul style="list-style-type: none"> • To develop and maintain organizational structures • Provide organizational development and work-study services for the entire municipality.

Section 4: Training and Development	<p>The section provides the following employee capability management services:</p> <ul style="list-style-type: none"> • Identification of training needs; • Development and implementation of the workplace skills plan; and • The management of financial assistance programme for capacity building and training purposes.
Section 5: Occupational Health and Safety	<ul style="list-style-type: none"> • The section ensures the maintenance of a healthy and safe work environment. • 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).

3.22 SPECIAL PROJECTS

Table 3.48 Achievements for the financial year under review

DESK	DATE	ITEM	ACTIVITY
GENDER	08/08/20	Women's Day	Special Projects Unit held an Inter-denominational Prayer at Tlhabane Community Hall. The aim was to pray against GBVF, Human Trafficking, Suicidal Spirit, Covid-19 and SA Government.
	08/11/20	GBVF Dialogue	Special Projects Unit in partnership with Department Social Development held a GBVF Dialogue at Lethabong Community Hall. The following topics were discussed: <ul style="list-style-type: none"> - Gender Based Violence and Femicide - Social crime prevention - Substance abuse
	13/11/20	Information Sharing	Special Projects Unit in partnership with Aganang Bophelong HBC and Koketso Rakhudu foundation held an information sharing session at Old Tlaseng Primary school regarding Gender Based Violence and health issues relating to diabetes.
	23/11/20	Commemoration of Restorative Justice Week:	Special Projects Unit in partnership with Department Social Development and

DESK	DATE	ITEM	ACTIVITY
			Department of Justice commemorated Restorative Justice Week at Lethabong Community Hall. The restorative define crime as an injury and recognize the need for actions to repair that injury, plus commitment to involve all those affected justice in the response to crime.
	01/12/20	World Aids Day	Special Projects Unit in partnership with Department of Health held World Aids Day at Rustenburg Town Hall. World Aids Day was first observed as a commemorative event on the 1 st December 1988. Every year Health Ministers from around the world meet under the auspices of the World Health Organisation.
	11/12/20	Women in Business workshop	Special Projects Unit hosted Women in Business and GBV information sharing at Dinnie Estate. Women entrepreneurs face challenges that are unique to them, which include lack of capital and assets, fewer business-oriented networks in their communities.
	12/12/20	LBGTQI+ event	Special Projects Unit in partnership with LBGTQI+ communities hosted an event to discuss issues such as GBV, substance abuse and health issues. The event started with a march and ended with formal programme where different stakeholders presented their services.
	01-03/03/21	Workshop for Peer Educator Training	Special Projects Unit in partnership with Centre for Positive Care (CPC) held a three-day workshop with peer educators. Centre for Positive care is a centre that

DESK	DATE	ITEM	ACTIVITY
			represent Sex Workers in Rustenburg area.
	24/03/21	Tuberculosis (TB) Awareness	Special Projects Unit in partnership with Department of Health, celebrated Tuberculosis (TB) awareness day at Seraleng Clinic. Several stakeholders attended the TB awareness session. Each stakeholder presented the issue of TB affecting citizens of Rustenburg, as it is a burning issue regardless of the pandemic (Covid-19) that is currently taking over.
	26/03/21	Handover of GBV centre	Rustenburg local Municipality, Department of Social Development and other stakeholders received a donation of a house from Anglo-American Platinum Mine, the house will be used as a safety house for victims of Gender based violence. MEC: Ms Boitumelo Moiloa from Department of Social Development was accompany by Acting Mayor: Cllr Michael Mhlungu to receive the donation.
	29/03/21	Human Right Violation Workshop	Special Projects Unit, Institute of Health Programs and System together with LGBTQ+ community had a Human Rights Violation Workshop. The workshop was about how they believe that the rights of the LGBTQ+ community are being violated everyday. LGBTQ+ community has the right to equality, the right to human dignity, the right to life just like any other person. The topic of the day was to discuss Man Sleeping with Man (MSP) also about the challenges that they are facing.
	08/05/21	Pastor Wives Forum	Special Projects Unit in partnership with Department of Social Development and

DESK	DATE	ITEM	ACTIVITY
			Faith Based Organisation invited pastor's wives to attend Pastor Wives Forum at Hunters Rest to discuss the Gender Based Violence and abuse that they face in churches.
	04/06/2021	NPO Workshop	Special Project Unit in partnership with Department of Social Development had invited NPOs at Ben Marais to a workshop regarding NPO compliance, capacity building and Planning and Human Settlement Directorate was invited to explain the re-zoning process.
CHILDREN	31/07/20	Donation to Godisanang OVC	Special Projects Unit in partnership with Mining houses donated the following items to 10 needy families through Godisang OVC <ul style="list-style-type: none"> 1. Food parcels 2. Sanitizer and 3. Masks
	25/05/21	Donation to Motsatsi Day Care Centre	Special Projects Unit donated the following items to Motsatsi Day Care Centre: <ul style="list-style-type: none"> 1. Mattresses 2. Sanitizer and Masks
	31/05/21	Child Protection Week	Special Projects Unit in partnership with Real Man Organisation donated school shoes to a boy child at Tsitsing Village.
	10/06/21	Children's Council	The Special Projects Unit in partnership with Department of Education held children's council. Children's Council is the platform they identify, discuss and raise their collective voice or concern.

DESK	DATE	ITEM	ACTIVITY
	21/06/21	Parenting Session	Special Projects Unit in partnership with Department of Social Development held parenting session at Mathopestad. The aim of parenting session is to support and strengthen existing parenting abilities and promote the development of new competencies so that parents have the knowledge and skills needed to carry out child-rearing responsibilities and provide their children with experiences and opportunities that promote child learning.
ELDERLY	10/08/20	Blanket distribution	Special Projects Unit in partnership with Al-Imdaad donated blankets and masks to Old Aged Homes Otshepeng Old Age Home; MTS Ancillary Old Aged Home.
	23/09/20	Aerobics	Special Projects Unit in partnership with Mmabana held an Older Persons aerobics session. The session was to encourage older persons to exercise daily and keep active.
	14-15/10/20	Wheelchair distribution	Special Projects Unit in partnership with Al-Imdaad donated two wheelchairs to elderly persons in Tlhabane and Mabitse.
	16/10/20	Older Persons Month	Special Projects Unit in partnership with the Office of the Rights of Older Persons (Premiers Office) held an Older Persons AGM and older persons delegates from Bojanala district municipalities. The purpose of the meeting was to address the active ageing development during COVID-19 due to that older persons were more prone to be affected by COVID-19.

DESK	DATE	ITEM	ACTIVITY
	16/12/20	Reconciliation Day with the Elderly	Special Projects Unit in partnership with Ramochana ward Councillor celebrated Reconciliation Day with the elderly and women, on the 16 th December 2020 at Ramochana Sports Ground. Hundred elderly and women were blessed with fifty food parcels and fifty blankets.
	28/04/21	Rustenburg Mall Launch	Special Projects Unit arranged 20 elders from Rustenburg North and Tlhabane to be part of the Rustenburg Mall Launch. Each of the elders received food parcels.
DISABILITY	12/09/20	Wheelchair distribution	Special Projects Unit donated 2 wheelchairs to two disabled people in Mabitse.
	15/10/20	World Hygiene Day	Special Projects Unit in partnership with Water Sanitation Unit and Waste Department donated sanitizer, soap, gloves and trees for horticulture to Tsholetsa Disability Centre celebrating World Hygiene Day.
	02/11/20	RRT Bus	RRT launched Ya Rona Bus, the purpose was to check whether the bus was disability friendly in terms of accessibility. The project was successful of which the two delegates that are wheelchair bound were able to access the bus without any difficulty.
	7-8/11/20	Victim Empowerment	Special Projects Unit in partnership with Department of Social Development held victim empowerment programme for people with disabilities and older persons. To address victimisation against People with Disabilities and Elderly Persons in the communities.

DESK	DATE	ITEM	ACTIVITY
	8-11/12/20	Economic Development Workshop	Special Projects Unit in partnership with DEDECT conducted a workshop for people with disability who are in NGOs and Cooperatives. The workshop was conducted by DEDECT to empower and educate people with disabilities on how to establish and manage their cooperatives. One of the things the workshop was informing them in the matter of compliance with the law of cooperatives.
	22/01/21	Mattress Distribution	Special Projects Unit donated 10 mattresses to Mphatlhalatsane Disability Centre in Sunrise Park.
	12-14/04/21	Disability Sports-Goalball for the Blind	Special Project Unit in partnership with Bonang Disability Sports held a Goalball workshop to train and encourage the Blind to participate in Sport (Goalball). The workshop held at Ben Marais Hall entailed of the theory and practical part of the Sport.
	20/05/21	Donation of sanitizers and masks	Special Projects Unit donated sanitizer and masks to Iteko Special School to support them during the pandemic.
YOUTH	18/09/20	Aerobics	Special Projects Unit in partnership with Mmabana Tlhabane and Rise Community embarked on an aerobic session at Boitekong. The aim of aerobics was to address the issue of obesity amongst young people. The Office encourages young people to stay physically active through exercises.
	26/09/20	Aerobics:	Special Projects Unit in partnership with AIM (NGO) embarked on an aerobic program at Popo Molefe. The aim of aerobics is to address

DESK	DATE	ITEM	ACTIVITY
			the issue of obesity amongst young people. The Office encourages young people to stay physically active through exercises.
	19/10/20	Youth Dialogue	Special Projects Unit in partnership with Seraleng Youth Development Forum and Boitekong South African Police Service facilitated a youth dialogue session addressing issues of Gender Based Violence.
	28/11/20	Information Sharing	Special Projects Unit in partnership with Tlhabane SAPS, Show Me Your Number, Public Safety and Tlhabane Policing Forum held an information sharing session and march against Gender Based Violence. The session addressed socio-cultural and socio-economic challenges faced by young people and the community at large.
	10/12/20	Youth Outreach	Special Projects Unit in partnership with Department of Labour, RLM LED, RLM Waste held a youth outreach at Luka. The session entailed entrepreneurship workshop.
	01/03/21	Peer Educator Workshop	Special Projects Unit in partnership with Centre for Positive Care had a three days' workshop with peer educators. Centre for Positive care is a centre that presented sex workers in Rustenburg area. All the peer educators were provided with the necessary training tools.
	10/03/21	Youth Outreach	The Special Projects Unit in partnership with NYDA had an Outreach (Entrepreneur) at Dinnie Estate.
	14/03/21	Job Seekers Database	Special Projects Unit in partnership with Department of Labour held a Job Seekers Database at Luka.

DESK	DATE	ITEM	ACTIVITY
	15/03/21	Application of Identity documents	Special Projects Unit in partnership with Department of Home Affairs at Chaneng embarked on an outreach to our communities to address all issues concerning Home Affairs e.g. birth certificate and identity documents application
	26/03/21	Human Sensitization Workshop	Special Projects Unit in partnership with Centre for Positive Care (CPC) had invited different stakeholders to a sensitization workshop for sex workers around Rustenburg areas. The aim of workshop was to introduce their services to different stakeholders.
	13/04/21	Bank Seta Learner ship	Special Projects Unit in partnership with Bank Seta offered young people in Rustenburg a banking learnership on NQF level 5 Certificate in banking services.
	05/05/21	Art- Reach Streaming Festival an Art Reach	Special Projects Unit in partnership with Eagle Eye Creative held Streaming Festival at Civic Centre to showcase the talent of the youth of Rustenburg in the art and culture industries.
CAREER GUIDANCE	24 -28/02/20	Grade 12 Career Exhibition	Special Project Unit in partnership with Department of Education held an annual career exhibition at Rustenburg Civic Centre, where fifty-four (54) Secondary schools in the jurisdiction of Rustenburg. attended the annual Career Exhibition. Different Universities, Colleges, Technical Colleges and other Stakeholders were invited to share career choices and opportunities with the learners.

DESK	DATE	ITEM	ACTIVITY
	31 Aug – 3 Sept 2020	#Itshireletse tuu!! Program (Covid 19 Sanitizers, masks)	Special Project Unit in partnership with Sanlam donated face masks and sanitizers to Farm schools and Rural schools.
	22/09/20	Al-Imdaad Foundation donation	Special Projects Unit in partnership with Al-Imdaad Foundation donated 20 tables, 80 plastic chairs, face masks, 60 lunch boxes to 3 Primary Schools, namely: <ol style="list-style-type: none"> 1. Kana Primary School 2. Mfidikwe P School 3. Platinum Primary School
	21 /10/20	Motswako Office Solutions donation	Special Projects Unit in partnership with Motswako Office Solutions donated a printing machine to one of the farm school (De- Hy Primary School)
	12/11/20	Life Skills Program (bullying)	Special Project Office in partnership with Khulisa Solutions held a life skills programme (bullying) at the following schools: <ul style="list-style-type: none"> • Lesele Secondary School • Boons Secondary School • Naaupoort Secondary School
	Jun 20 – Jul 21	Mayoral Bursary	Special Project Office administered Mayoral Bursaries, 7 students were awarded the bursary for financial year 2020-2021.
	12/02/21	Pavement donation	Special Project Unit donated five loads of pavement to De-Hy primary School.
	03/03/21	Al-Imdaad Foundation donation	Special Projects Unit in partnership with Alimdaad Foundation donated 70 school bags, 100 face masks and 50 Hygiene packs to De Hy Primary school and Monato Primary school.
	07/04/21	Al-Imdaad Foundation donation	Special Projects Unit in partnership with Alimdaad foundation donated 46 school

DESK	DATE	ITEM	ACTIVITY
			shoes and 23 dignitary packs to Seraleng Primary School.
	06/05/21	Geelhout Secondary School donation	Special Project Office donated seventy- three (73) school jerseys to Geelhout Secondary School
	12&24/05/21	Life skills program	Special Projects Unit in partnership with South African Police Services, Correctional Service and Public Safety visited Naaupoort Secondary School and Bergsig High School to address issues of bullying, teenage pregnancy and dangers of substance abuse affecting learners.
	13/05/21	Donation of school uniform	Special Project Unit donated twenty-three (23) school socks to H.F Tlou Secondary School to the disadvantaged learners in the school.
	27/05/21	Donation of school uniform	Special Project Unit donated 60 school trousers to Tlhabane Commercial High School to the disadvantaged learners in the school.

3.23 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 was 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.

3.24 ANNUAL PERFORMANCE REPORT (SECTION 46 REPORT: 2020/2021)

3.24.1 INTRODUCTION

The Annual Performance Report is hereby submitted to the Rustenburg Municipal Council in terms of the Municipal Systems Act (MSA), 32 of 2000, section 46(1) and (2), as well as the MFMA Circular 63 on annual reporting. This report covers the performance information from 01 July 2020 to 30 June 2021 and focuses on the implementation of the Service Delivery Budget and Implementation Plan (SDBIP) as amended in conjunction with the Budget Adjustment during January 2021, in relation to the objectives as summarized 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 2020/2021 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.

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.

3.24.2 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, but also to the individuals employed within the organization, external service providers and the Municipal Entities. This framework, inter alia, reflects the linkage between the IDP, Budget, SDBIP, individual and service providers’ performance.

3.24.3 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 2020/2021 financial year, there were 53 KPIs in the SDBIP. During the adjustment period, KPI’s were revised and the number became 54.
- The scorecards table in the SDBIP provides for Portfolio of Evidence which must accompany the report to ensure each KPI is supporting by relevant proof of achievement.
- The Municipality endeavoured during the development of the Top Layer to adhere to the “SMART” principle in setting of indicators and objectives. Emphasis was placed on ensuring that targets were specific and time bound, thus making them measurable.

3.24.4 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 Technical Service Delivery Budget and Implementation Plan (SDBIP) at directorate 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 Directorates 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.

3.24.5 COMPARATIVE ANALYSIS OF THE 2019/2020 AND 2020/2021 PERFORMANCE

The municipality's performance was at **69%** 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 (KPAs)	2019/20 Organisational Performance				2020/21 Organisational Performance			
	TOTAL Number of KPI's	KPI's Achieved	KPI's not achieved	Performance in Percentages	TOTAL Number of KPI's	KPI's Achieved	KPI's not achieved	Performance in Percentages
Municipal Institutional Development and Transformation	4	0	4	0%	5	3	2	60%
Good Governance and Public Participation	3	3	0	100%	9	7	2	78%
Municipal Financial Viability and Management	14	2	12	14%	16	9	7	56%
Local Economic Development	5	5	0	100%	6	6	0	100%
Basic Service Delivery and Infrastructure Development	18	12	6	67%	14	9	5	64%
Spatial Rationale and Transformation	2	1	1	50%	4	3	1	75%
Total	46	23	23	50%	54	37	17	69%

It should be noted that there is an increase of **19%** 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
	KPI not achieved
	KPI achieved

3.24.6. Key Performance Area (KPA 1): Municipal Transformation and Institutional Development

MUNICIPAL STRATEGIC PRIORITY: Drive optimal municipal institutional development, transformation and capacity build

Municipal Strategic Objective: Develop, implement and review internal policies and procedures on regular basis

KPI 1 Number of ICT Policies reviewed by 30 June 2021	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	-	-	-	3	No Revision	Agenda of Council, Minutes and approved policies.	7	Achieved
Comment on Achievement of the KPI and Remedial Measures								
<p>Achieved</p> <p>The following 7 policies were reviewed and approved during the financial under review:</p> <ol style="list-style-type: none"> 1. Data Backup and Recovery Policy – item 143 of 29 September 2020; 2. Group Information Security Policy - item 144 of 29 September 2020; 3. Patch Management Policy – item 145 of 29 September 2020; 4. Corporate Governance of Information Communication Technology Policy Framework – item 146 of 29 September 2020; 5. IT Strategy for RLM – item 212 of 24 November 2020; 6. IT Change Management Policy – item 213 of 24 November 2020; 7. Computer Hardware Policy – item 48 of 30 March 2021. <p>Ref : DCS 3</p>								

KP1 2 Number of OHS Policies developed and submitted to Council for approval by 30 June 2021	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	-	-	-	9	5	Reviewed OHS Policies Minutes of Council	5	Achieved
Comment on Achievement of the KPI and Remedial Measures								
<p>Achieved</p> <p>The following 5 policies were approved by Council:</p> <ol style="list-style-type: none"> 1. Revised OHS Policy – Item 46 of 23 February 2021 2. Personal Protective Equipment Policy - Item 142 of 29 September 2020 3. Alcohol and Drug Abuse Policy - Item 139 of 29 September 2020 4. Employee Assistance Programme - Item 140 of 29 September 2020 5. Medical Surveillance Policy - Item 141 of 29 September 2020 <p>Ref : DCS 5</p>								

KPI 3 Number of ICT Disaster Recovery Sites established by 30 June 2021.	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	-	-	-	0	1	Host Confirmation letter Implementation Report Appointment Letter	0	Not Achieved
Comment on Achievement of the KPI and Remedial Measures								
<p>Not Achieved</p> <p>Reasons for Non-Achievement</p> <p>The tender was at Bid Evaluation Committee on the 30 June 2021. The project was having insufficient budget allocation of R 158 634 during the financial year 2020/2021 and it was not possible to proceed with the establishment of the ICT Disaster Recovery Site.</p> <p>Remedial Measures</p> <p>To prioritise the completion of procurement processes and awarding of an effective back-up during the 1st quarter of the 2021/2022 financial year. The directorate is aiming at establishing an effective DRP Site which will comply with acceptable International Security Standard in terms of ISO 37000.</p> <p>Ref : DCS 4</p>								

KPI 4: Number of HR policies reviewed and submitted to Council for approval by 30 June 2021	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	10	5	Not Achieved	5	None	Reviewed HR Policies Minutes of Council	5	Achieved
Comment on Achievement of the KPI and Remedial Measures								
<p>Achieved</p> <p>The following 5 policies were approved by Council:</p> <ol style="list-style-type: none"> 1. Secondment Policy – Item 207 of 24 November 2020 2. Transfer Policy – 208 of 24 November 2020 3. Placement Policy – 209 of 24 November 2020 4. Recruitment and Selection Policy – item 44 of the 23 February 2021 5. Acting Appointment and Allowance Policy – Item 45 of 23 February 2021 <p>Ref : DCS 6</p>								

Municipal Strategic Objective: Develop and implement internal capability model (institutional core and critical competencies, scarce skills, maintenance skills) that enhance institutional and external stakeholders' development communities and institutional capability

KPI 5: % of the municipality's budget actually spent on training of personnel	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	95%	8.12%	Not Achieved	95%	No revision	Training Expenditure Report	7.58%	Not Achieved
Comment on Achievement of the KPI and Remedial Measures								
Not Achieved								
Project				Budget	Expenditure	%		
95% of the municipality's staff budget spent on implementing the Workplace Skills Plan				R3 000 000.00	R227,382.39	7.58%		
Reasons for Non-Achievement								
There were delays in finalisations of the item by both evaluation and adjudication committees. The bid was advertised on the 15 th October 2020 and closed on the 27 November 2020 and served for the first time before the Bid evaluation committee on the 28 January 2021 and was referred back a number of times due to various reasons.								
Remedial Measures								
<ul style="list-style-type: none">Municipality will engage in discussions to enter into memoranda of understanding with TVET colleges and National School of Governance.To re-advertise for other modules not offered by either TVET College or National School of Governance.								
Ref : DCS 5								

3.24.7 Key Performance Area (KPA 2): Good Governance and Public Participation

MUNICIPAL STRATEGIC PRIORITY: UPHOLD GOOD GOVERNANCE AND PUBLIC PARTICIPATION PRINCIPLES

Municipal Strategic Objective: Drive Good Governance and Legislative compliance in all Municipal processes

KPI 6: Number of reports on Implementation of organizational council resolutions	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	-	-	-	4	No Revision	4 x minutes of council	4	Achieved
Comment on Achievement of the KPI and Remedial Measures								
<p>Achieved</p> <p>4 reports on council resolutions served before council during the financial year under review. Due to large number of items prepared for Council a decision was made to reduce the number of items on implementation of resolutions and to defer the Item to an ordinary meeting outside the year under review. The reports served on the following dates:</p> <ol style="list-style-type: none"> 1. 29 September 2020 per item 193. 2. 24 November 2020 per item 117. 3. 30 March 2021 per item 98. 4. 25 May 2021 per item 256. <p>Ref : DCS 12</p>								

IDP Priority: Drive Optimal Institutional Development, Transformation and Capacity Building

KPI 7: Number of employment equity (EE) reports submitted to the Department of Labour by 15 January 2021	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	-	-	-	1	No Revision	Proof of electronic submission of the EE Report	1	Achieved
Comment on Achievement of the KPI and Remedial Measures								
<p>Achieved</p> <p>The Employment Equity Plan report was submitted to the Department of Labour on 15 January 2021.</p> <p>Ref : DCS 9</p>								

KPI 8: Number of records disposal applications submitted to the North West Provincial Archives and Records Services By 30 June 2021	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	-	-	-	1	1 x records disposal application submitted to the North West Provincial Archives	Records disposal application to the North West Provincial	1 x records disposal application submitted to the North West Provincial Archives	Achieved

					And Records Services by 30 June 2021	Archives and Records Services	And Records Services on the 29 September 2020.	
Comment on Achievement of the KPI and Remedial Measures								
<p>Achieved</p> <p>The Rustenburg Local Municipality received authorization for disposal of three (3) closed files plans dating from 1932 – 1995. Destruction certificates were submitted to the North West Provincial Archives and Records Services on the 29 September 2020. The records section was in a process of implementing the authorization.</p> <p>Ref : DCS 10</p>								

KPI 9: 2019/20 Annual Report tabled to Council for adoption by 31 March 2021	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	1 x 2018/19 Annual Report compiled and tabled to Council	1x Annual Report was tabled to Council on the 31 January 2020	Achieved	2019/20 Annual Report compiled and tabled to Council for adoption and approval	2019/20 Annual Report compiled and tabled to Council for adoption	Minutes of Council	26 January 2021	Achieved
Achieved								
<p>The Annual Report 2019-2020 was submitted to the Executive Mayor and was first tabled on the 26 January 2021 and a full set with Auditor General's report and financial statements was tabled to Council in August 2021 per item 228, due to delays related to the finalisation of the audit report of the financial year ended 30 June 2020.</p> <p>Ref : OMM 1</p>								

KPI 10: 2021/22 IDP reviewed and Submitted to Council for approval by 30 May 2021	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	1 x Reviewed 2020/21 IDP	1 x Reviewed 2020/21 IDP	Achieved	May 2021	No Revision	Council resolution	25 May 2021	Achieved
Comment on Achievement of the KPI and Remedial Measures								
Achieved <ul style="list-style-type: none"> The Final IDP 2021/22 served before council per item 129 of 25 May 2021. Ref : OMM 02								

KPI 11: 2020/21 Service Delivery and Budget Implementation Plan (SDBIP) submitted to the Executive Mayor by 30 July 2020	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	1 x 2020/21 SDBIP approved by the Executive Mayor	1 x 2020/21 SDBIP approved by the Executive Mayor	Achieved	30 July 2020	July 2020	Acknowledgement of Receipt by the office of the Executive Mayor.	17 July 2020	Achieved
Comment on Achievement of the KPI and Remedial Measures								
Achieved <p>The Service Delivery and Budget Implementation Plan (SDBIP) for the 2020 /2021 financial year was approved by the Executive Mayor on the 17 July 2020 within the stipulated timeframes of 28 days after approval of the budget. Copies of the SDBIP were placed on the Municipal website. The Top Layer SDBIP was noted by Council on the 29 September 2020 per item 177.</p> Ref : OMM 03								

KPI 12: 2021/22	2019/2020	2020/2021
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Performance Management Policy Framework tabled to Council for approval by 30 June 2021.	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	-	-	-	2020/21 Performance Management Policy Framework tabled to Council for approval by 31 August 2020	2021/22 Performance Management Policy Framework tabled to Council for approval by 30 June 2021.	Revised PMS Framework Council Resolution	29 September 2020	Achieved
Comment on Achievement of the KPI and Remedial Measures								
Achieved The Performance Management Policy was reviewed and approved by Council on the 29 September 2020 per item 175. KPI was achieved for the financial year. Ref : OMM 4								
KPI 13: Qualified Audit opinion expressed by the Auditor General	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	Unqualified Audit Opinion	Qualified Audit Opinion	Not Achieved	Qualified Audit Opinion expressed by the Auditor General	No Revision	Audit Report	Disclaimer of Opinion	Not Achieved
Comment on Achievement of the KPI and Remedial Measures								
Not Achieved								

The audit was finalized and the municipality received a disclaimer.

Reasons for Non-Achievement

New qualification matters identified to address the stakeholders concerns/ complaints

Remedial Measures

Support from System service provider requested to clear system related qualifications. Other 4 prior year qualifications will fall away in the 2020/21 report.

Ref : BTO 11

KPI 14: % Implementation of the PAAP by 30 June 2021	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	-	-	-	% implementation of PAAP by June 2021	No Revision	Monthly PAAP Report	44%	Not Achieved

Comment on Achievement of the KPI and Remedial Measures

Not Achieved

Finding in progress	18	56%
Findings finalized	14	44%
Total	32	100%

Reasons for Non-Achievement

The Auditor General found that some actions on the post audit action plan were not specific and measurable and timelines committed were unrealistic.

Remedial Measures

Develop a more measurable post audit action plan with reasonable and realistic timelines.

Ref : OMM 05

3.24.8 Key Performance Area (KPA 3): Municipal Financial Viability and Management

MUNICIPAL STRATEGIC PRIORITY: Ensure a sustainable municipal financial viability and management

Municipal Strategic Objective: Develop and implement integrated financial management systems to support municipal programmes and ensure internal financial sustainability

KPI 15: % implementation of the mSCOA financial system modules	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	8 mSCOA modules implemented as per the Service Level Agreement	8 mSCOA modules implemented as per the Service Level Agreement	Achieved	Percentage functionality of the mSCOA financial system modules	100% of all modules as per the SLA signed off as fully operational by the municipality and system provider	Service Provider Sign-off Certificate	90% of all modules as per the SLA were signed off as fully operational by the municipality and system service provider.	Not Achieved
Comment on Achievement of the KPI and Remedial Measures								
Not Achieved Reasons for Non-Achievement Not all modules could be signed off as fully functional due to some functionality challenges not resolved by the system vendor. Remedial Measures								

Timelines of the implementation plan has been reviewed with the system service provider to ensure corrections are done on realistic timeframes. Tender for new financial system was completed for serving at specification committee.

Ref : BTO 1

Municipal Strategic Objective: Implement revenue management strategy to enhance municipal financial viability and sustainability

KPI 16: Percentage collection of revenue billed	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	85% collection of Revenue billed	81%	Not Achieved	85%	No revision	Signed CFO Calculation from 3 months C Schedules. C Schedule Extract from the financial system	70%	Not Achieved
Comment on Achievement of the KPI and Remedial Measures								
Not Achieved								
	2021	NORM/RANGE						
	R'000	95%						
Result =	70%							
Gross Debtors closing balance	6 863 056							
Gross Debtors opening balance	5 725 933							
Bad debts written Off	34 404							

Billed Revenue	3 937 024	
Reasons for Non-Achievement The Credit control actions did not produce desired outcomes due to integrity of data.		
Remedial measures <ul style="list-style-type: none"> Scope of DBSA to assist with data cleansing has been finalised. Appointed service provider to finalise debtor analysis. Appointment of debt collectors through NT Transversal contract to be finalised by end August 2021. 		
Ref : BTO 3		

KPI 17: Creditors payment within 30 days of signed-off invoices by user Directorates	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	30 days	127 days	Not Achieved	30 days	No revision	Signed CFO Calculation from 3 months C Schedules. C Schedule Extract from the financial system	122 days	Not Achieved
Comment on Achievement of the KPI and Remedial Measures								
Not Achieved Formula: Trade Creditors Outstanding/Credit Purchases (Operating and Capital) x 365								
Trade Creditors				1,136,334,000				

Contracted services	170,762,000
Repairs and Maintenance	63,060,000
General Expenses	187,702,000
Bulk Purchases	2,622,597,000
Capital Credit purchases (Capital Credit Purchases refers to additions of Investment Property and Property, Plant and Equipment)	353,137,000
Total days	122 days

Reasons for Non-Achievement

The 30 days' payment period was not achieved due to creditors with long term repayment arrangements and new creditors that are recognized from late submission of invoices.

Remedial Measures

Data definition to be defined such that it excludes creditors with long term arrangement and improve internal measure to calculate based on invoice receipt date.

Ref : BTO 4

KPI 18: Achieved Improved financial current ratio	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	1.6: 1	0.60: 1	Not Achieved	1.6 : 1	No revision	Signed CFO	0.55 : 1	Not Achieved

						Calculation from 3 months C Schedules. C Schedule		
						Extract from the financial system		
Comment on Achievement of the KPI and Remedial Measures								
<p>Not Achieved</p> <p>Current Assets : R1,155,490,000 Current Liabilities : R2,086,602,000 Current Ratio : 0.55 : 1</p> <p>Variances and reason for non-achievement</p> <p>The municipality had cash flow challenges and was not able to accumulate cash reserves.</p> <p>Remedial Measures</p> <p>The creditors will be reduced, through minimising monthly commitments and paying off old creditors. The credit control actions will be improved through interventions of the appointed service provider.</p>								
Ref : BTO 5								
KPI 19: Achieve improved financial cost coverage of the municipality	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	60 days	48 days	Not Achieved	1 month	No revision	Signed CFO Calculation from 3 months C Schedules. C Schedule	1 month	Achieved

						Extract from the financial system		
Comment on Achievement of the KPI and Remedial Measures								
Achieved								
Cash and cash equivalents : R388,230,000 Unspent conditional grants : R82,090,000 Overdraft : R0 Short Term Investments : R23,103,000 Total Annual Operational Expenditure : R3,944,542,000 Cost Coverage : 1 month Ref: BTO 6								
KPI 20: Number of indigents registered to earn free basic services	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	90%	88%	Not Achieved	30 000	15 000	Indigent Register 1 x approved indigent application	10 867	Not Achieved
Comment on Achievement of the KPI and Remedial Measures								
Not Achieved								
Cumulative figure of 10 867 indigent registrations were processed.								
Variances and reason for non-achievement								
Indigent registration plan not successful due to low turnout.								
Remedial Measures								
The Covid-19 restrictions had limited movement of people and impacted negatively on outreach programmes for the registrations.. A service provider was appointed to assist with smart registration of clients and verification.								

BTO 7

KPI 21: Percentage expenditure on overtime not exceeding approved budget by 30 June 2021	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	-	-	-	100% or less	No revision	Signed CFO Calculation from 3 months C Schedules. C Schedule Extract from the financial system	52%	Achieved
Comment on Achievement of the KPI and Remedial Measures								
<p>Achieved</p> <p>Annual Budget (Overtime): : R 30 838 522.34</p> <p>Actual Expenditure (Jul - Jun) : R 15 920 143.00</p> <p>Percentage : 52%</p> <p>Ref : BTO 10</p>								

Municipal Strategic Objective : Implement sound and sustainable financial management and compliance controls

KPI 22: Section 71 reports submitted by the 10 th of each month to the Executive Mayor	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	-	-	-	12	No revision	Council Agenda	12	Achieved
Comment on Achievement of the KPI and Remedial Measures								
<p>Achieved All Section 71 reports for the 4 quarters were submitted to the Executive Mayor.</p> <p>Ref : BTO 13</p>								

KPI 23: Number of section 72 reports submitted within legislated timeframe at Council meeting	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	1	1	Achieved	January 2021	-	Council Agenda	23 February 2021	Achieved
Comment on Achievement of the KPI and Remedial Measures								
Achieved The Section 72 report was tabled in council per Item 36 of 23 February 2021. Ref : BTO 12								

KPI 24: Number of section 52 reports submitted after every quarter to council	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	4	2	Not Achieved	4	0	Section 52 reports Council Resolution	2	Not achieved
Comment on Achievement of the KPI and Remedial Measures								
Not Achieved Two (2) Section 52 reports were submitted out of the targeted four (4) for the financial year under review. Reasons for Non-Achievement <ul style="list-style-type: none"> The third quarter report was submitted in May 2021 instead of April 2021 due to the bi-monthly schedule of council meetings. The fourth quarter and annual assessments were done outside of the financial year under review. 								

Remedial Measures

The fourth quarter report of the previous financial year to be reported to Council during the 1st quarter of the financial year for the number of reports to tally with the target.

Ref : BTO 15

KPI 25: Annual Financial Statements (AFS) of RLM and Consolidated AFS of 2019/20 submitted to AGSA for audit by 31 August 2020 and 30 September 2020 respectively.	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	-	-	-	2x set of Annual financial statements to be submitted to AGSA	No revision	Acknowledgement of Receipt by AGSA	2x set of Annual financial statements of submitted to AGSA	Achieved
Comment on Achievement of the KPI and Remedial Measures								
<p>Achieved</p> <p>Two sets of financial statements were submitted to the office of the Auditor General on the 30 October 2020 as per the extension granted by National Treasury.</p> <p>Ref : BTO 14</p>								

KPI 26: MTREF budget approved by Council by 31 May 2021	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	-	-	-	31 May 2021	No revision	Council Agenda	25 May 2021	Achieved
Comment on Achievement of the KPI and Remedial Measures								
Achieved <ul style="list-style-type: none"> The draft MTREF 2021/22 served before council per item 100 of 31 March 2021 The final MTREF 2021/22 served before council per item 130 of 25 May 2021 								
Ref : BTO 15								

KPI 27: Adjustments budget submitted to Council by end of February 2021	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	-	-	-	2020/21 Adjustment budget submitted to Council		Council Agenda	2020/21 Adjustment budget submitted to Council on the 23 February 2021	Achieved
Comment on Achievement of the KPI and Remedial Measures								
<p>Achieved The adjustment budget served before council per Item 35 of 23 February 2021. Ref : BTO 17</p>								

Implement revenue management strategy to enhance municipal financial viability and sustainability

KPI 28: Rand value of stands sold	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	-	-	-	R3 500 000	No Revision	Deed of Sale Agreement Certified BTO Spreadsheet	R35 495 651	Achieved
Comment on Achievement of the KPI and Remedial Measures								
<p>Achieved</p> <p>R35 495 651 was generated as at the end of June 2021.</p> <p>Ref : DPHS 10</p>								

KPI 29: Rand value for land use amendment applications and building plans submitted by 30 June 2021	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	-	-	-	R3,5m	No revision	Certified BTO Spreadsheet	R1 478 261.00	Not Achieved
Comment on Achievement of the KPI and Remedial Measures								
<p>Not Achieved</p> <p>R1 478 261.00 was generated as at the end of June 2021.</p> <p>Reasons for Non-Achievement</p> <p>The conditions for restrictions slowed down the land use amendment applications and submission of building plans during the year under review.</p> <p>Remedial Measures</p> <p>Observe baselines and trends to come up with realistic targets.</p> <p>Ref : DPHS 11</p>								

KPI 30: Collection rate in (rands) of Licensing and Testing revenue by 30 June 2021	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	-	-	-	R34m	No revision	Signed monthly reconciliation reports	R86 857 157	Achieved
Comment on Achievement of the KPI and Remedial Measures								
<p>Achieved</p> <p>R86 857 157 was generated as at the end of the financial year.</p> <p>Reasons for Over-Achievement</p> <p>The target was overachieved due to influx of clients from neighbouring stations and Agencies eg Kgetleng, Madikwe, Tweelagte, Phokeng, Mogwase and Post Office which were closed.</p> <p>Ref : DPS 6</p>								

3.24.9. Key Performance Area (KPA 4): Local Economic Development

MUNICIPAL STRATEGIC PRIORITY: Drive a vibrant diversified economic growth and job creation

Municipal Strategic Objective: Revive and expedite development of alternative high value adding economic growth sectors - agriculture, manufacturing, transportation services and products

KPI 31: Number of Municipal Business Advisory Councils established by end of June 2021	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	-	-	-	1	No revision	Appointment letters and Advisory Council Mandate	1	Achieved
Comment on Achievement of the KPI and Remedial Measures								
<p>Achieved</p> <p>The Municipal Business Advisory Forum was established and operational. Appointment letters of the members were issued on the 26th November 2020.</p> <p>Ref : LED 1</p>								

KPI 32: Number of catalytic projects facilitated by end of June 2021	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	-	-	-	2	No revision	Confirmation Letter from Investor / Developer or Catalytic Projects Committee Report	2	Achieved
Comment on Achievement of the KPI and Remedial Measures								
<p>Achieved</p> <p>Two new Catalytic Project Proposals facilitated, namely during the financial year:</p> <ul style="list-style-type: none"> -Fresh Produce Market by Anglo American (Impact Catalysts) -Rustenburg Show Grounds <p>Ref : LED 2</p>								

Municipal Strategic Objective: Stimulate and facilitate sustainable tourism development and marketing of Rustenburg City as a world-class destination

.KPI 33: Number of tourism activations facilitated by end of June 2021		2019/2020			2020/2021				
		Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
		2	2	Achieved	3	No revision	Report on Activity /ies Hosted or Attendance Register / Proof of Registration	4	Achieved
Comment on Achievement of the KPI and Remedial Measures									
	<p>Achieved</p> <p>Target already achieved earlier than the targeted date. Four (4) open market themed events took place at the Rustenburg Flea Market on the following dates:</p> <ul style="list-style-type: none"> • 03 May 2021 • 06 May 2021 • 09 June 2021 • 22 June 2021 <p>Ref : LED 3</p>								

KPI 34: Number of SMMs and Cooperatives assisted with business development support interventions by end of June 2021	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	250	1922	Achieved	250	No revision	Attendance Registers or Reports on Activities Hosted	1284	Achieved
Comment on Achievement of the KPI and Remedial Measures								
Achieved A total of 1284 SMMs and cooperative were assisted with business development support interventions. Ref : LED 4								

KPI 35: Number of jobs created through municipality’s Local Economic Development initiatives including capital projects by end of June 2021	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	600	1384	Achieved	1000	No Revision	List of People employed with ID Numbers and Projects’ Reports on Number of Jobs Created	1582	
Comment on Achievement of the KPI and Remedial Measures								
Achieved The following jobs were created:								
Project				Number of Jobs				
EPWP – Phunyeletso				13				
EPWP – Redirela Sechaba				210				
PMU				10				
Wet Refuse Collection				74				

Landfill Management	29
IEM Green Deeds	4
Libraries	111
Civil Facilities	4
RRT Projects	218
Rustenburg Mall	909
TOTAL	1 582

Ref : LED 5

Municipal Strategic Objective: Revive and expedite development of alternative high value adding economic growth sectors - agriculture, manufacturing, transportation services and products

KPI 36: Number of farms supported for agriculture development by end of June 2021.	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	7	17	Achieved	20	40	Agricultural development Support Programme Technical Committee Report on Recommended Farms for Support / Report on Training / Mentorship Completed	40	Achieved
Comment on Achievement of the KPI and Remedial Measures								
<p>Achieved</p> <p>Soil samples and analysis were done for sunflower farmers covering 40 farms.</p> <p>Ref : LED 7</p>								

3.24.10 Key Performance Area (KPA 5): Basic Services and Infrastructure Development

Municipal Strategic Objective: Accelerated delivery and maintenance of quality basic and essential services to all Communities

KPI 37: Number of households with access to basic water	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	3 projects	3 projects	Achieved	20 000	500	Completion Certificate	1262	Achieved
Comment on Achievement of the KPI and Remedial Measures								
<p>Achieved</p> <p>1262 households were connected to basic water through the following projects</p> <ol style="list-style-type: none"> 1. Refurbishment of Bulk Line & Tlhabane AC replacement Section A project – 1040 households 2. Phatsima Extension 3 Water Supply Scheme and Yard Connections – 222 households <p>Ref : DTIS 10</p>								

KPI 38: % compliance to water quality as per South African National Standards by 30 June 2021	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	100%	100%	Achieved	100%	95%	Laboratory Analysis Report (Magalies and Rand Water)	95%	Achieved
Comment on Achievement of the KPI and Remedial Measures								
Achieved The municipality was at 95% compliant to the water quality as per South African National Standards. Ref : DTIS 11								

KPI 39: % Reduction of Non-Revenue Water Losses by 30 June 2021	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	5%	3.67%	Not Achieved	5%	No revision	Water losses report by BTO / IWA Balance report	1.78% increase	Not Achieved
Comment on Achievement of the KPI and Remedial Measures								
Not Achieved As at the end of the 2019-2020 financial year, losses of non-revenue water were registered at 45.33 which translated to 3.67% reduction. The water loss for 2020-2021 was at 47.11% according to the statistical information for water distribution. There was an increase of 1.78%.								

Reasons for Non-Achievement

There was an increase in water losses because the system was not functional for a period of a month and losses could not be monitored.

Remedial Measures

Proper monitoring of the system is in place to curb water losses.

Ref : DTIS 12

KPI 40: Number of households with access to basic sanitation services	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	3 projects	3 projects	Achieved	5251	500	Project Progress Reports Completion Certificate	840	Achieved

Comment on Achievement of the KPI and Remedial Measures**Achieved**

840 households were connected to basic sanitation through the following projects:

1. Lethabong Internal Sewer Reticulation and Toilet Structures Ward 27 – 420 households
2. Lethabong Internal Sewer Reticulation and Toilet Structures Ward 28 – 420 households

Ref : DTIS 16

KPI 41: Number of households provided with metered electricity services by 30 June 2021	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	100%	103%	Achieved	5251	500	Report on new electrical connections	734	Achieved
Comment on Achievement of the KPI and Remedial Measures								
<p>Achieved</p> <p>A total of 734 households were connected with electricity as follows:</p> <ul style="list-style-type: none"> • Dinnie Estate – 510 • Rustenburg town – 224 <p>Ref : DTIS 18</p>								

KPI 42: Number of operations to remove illegal electricity connections removed by 30 June 2021	2019/2020			2020/2021		Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target			
	2 INEP Projects	0	Not Achieved	4	5	Report on illegal electricity connections removed	8	Achieved
Comment on Achievement of KPI and Remedial Measures								
Achieved A total of 8 operations were conducted during the financial under review at the following areas: <ol style="list-style-type: none"> 1. Collin Street - Zinniaville and Reutlwile 2. Dinie Estate 3. Paardekraal Exts / Damoyiville 4. Abu Dhabi 5. Rustenburg 13/ Ramochana and Sunrise Park Extensions 6. Dinnie Estate 7. Abu Dabi 8. Sunrise Park Ref : DTIS 19								

KPI 43: Percentage of formal households on the valuation roll (93294) provided with a weekly solid waste removal service by 30 June 2021	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	100%	113%	Achieved	100%	No revision	Valuation roll Consolidated Weekly Schedule	100%	Achieved
Comment on Achievement of the KPI and Remedial Measures								
<p>Achieved</p> <p>Waste collection was done at 100% households.</p> <p>A total of 96 800 formal households are on the new valuation roll. Of 96800 households on the valuation roll, 4929 units are farm households and are self-serviced. A total of 91871 households on the valuation roll are serviced by the RLM waste collection services. Additional 9867 village households not on the new valuation roll are receiving the Waste Collection Services, amounting to 10.7 additional percentage. $(9867/91871 * 100 = 10.7\%)$. Total number of Households receiving waste services from the Municipality is 101 738.</p> <p>Ref : DCD 1</p>								

KPI 44: Number of recognized informal settlements with a waste service per week by 30 June 2021	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	-	-	-	18 Informal settlements	16 Informal settlements	DPHS data of informal settlements Waste management Service Report	23 informal settlements	Achieved
Comment on Achievement of the KPI and Remedial Measures								
<p>Achieved RLM serviced 23 informal settlements through the clearing of illegal dumping and waste collection. Ref : DCD 2</p>								

KPI 45: Number of recycling initiatives supported within RLM by 30 June 2021	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	1	1	Achieved	2 Additional recycling initiatives	No revision	Reports on activities Minutes of meetings	7 additional recycling initiatives	Achieved
Comment on Achievement of the KPI and Remedial Measures								
<p>Achieved</p> <p>A total of 7 recycling initiatives were supported:</p> <ul style="list-style-type: none"> • Marikana Recycling Group • Remade Recycling • Waterval Landfill Informal Reclaimers • Phepo Ntle • United People Co-operative • Tuin Street Reclaimers • Rethusegile High School <p>Ref : DCD 3</p>								

KPI 46: Number of stations completed for the integrated transport system	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	4	2	Not Achieved	6 Stations	2 Completed Stations	Completion Certificate	0	Not Achieved
Comment on Achievement of the KPI and Remedial Measures								
<p>Not Achieved 2 stations were not completed due to under-performance by the contractor.</p> <p>Reasons for Non-Achievement There were delays caused by the lockdown and the municipality further experienced delays from community unrests. Furthermore, due to the collapse of 1 structure, the municipality had to halt construction on 6 stations and launch an investigation on the cause of the collapse. The KPI was revised to 2 stations but could not be achieved due to under-performance by the contractor.</p> <p>Remedial Measures To expedite the finalization of stations in the 2021/22 financial year by strict monitoring of contractor and ensure community liaison officers have active and adequate consultation with business foras and interest groups.</p> <p>Ref : R&T 1</p>								

KPI 47: % Completion of RRT depot	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	-	-	-	10% on construction	Appointment of contractor	Appointment letter Service level Agreement	0	Not Achieved
Comment on Achievement of the KPI and Remedial Measures								
<p>Not Achieved</p> <p>Reasons for Non-Achievement There were delays with acquisition of land from the Department of Public Works.</p> <p>Remedial Measures Tender to procure contractor and construction to take place only on portion of land owned by RLM whilst awaiting finalization by the Department of Public Works.</p> <p>Ref : R&T 2</p>								

KPI 48: Number of buses acquired and operating through the Bus operating company	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	-	-	-	Signed service Level Agreements	22 Busses	Vehicle Acquisition Agreement	10	Not Achieved
Comment on Achievement of the KPI and Remedial Measures								
<p>Not Achieved The targeted 22 buses were not procured during the quarter under review.</p> <p>Reasons for Non-Achievement Delays were experienced on the conclusion of the service level agreement with bus supplier.</p> <p>Remedial Measures Buses to be delivered during the 1st quarter of 2021/2022 financial year.</p> <p>Ref : R&T 3</p>								

KPI 49: % Completion of RRT Feeder routes & Bus Stops	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	-	-	-	10% progress on construction	Appointment of contractor	Appointment Letter Service Level Agreement	0	Not Achieved
Comment on Achievement of the KPI and Remedial Measures								
<p>Not Achieved</p> <p>Reasons for Non-Achievement Delay in appointment of contractor. The project had to be re-advertised due to the lapse of the tender.</p> <p>Remedial Measures Tender for the appointment of the contractor was delayed and will be issued as a turnkey project in order to expedite delivery in the 2021/22 financial year.</p> <p>Ref : R&T 4</p>								

KPI 50-: No. of Fire Safety Compliance Inspections undertaken in business premises by 30 June 2021	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	-	-	-	200	No revision	Inspection reports signed by HOD supported by evidence	1370	Achieved
Comment on Achievement of the KPI and Remedial Measures								
<p>Achieved 1370 fire safety compliance inspections were conducted for the financial year under review. Ref : DPS 5</p>								

3.24.11 Key Performance Area (KPA 6): Spatial Rationale - Develop and Sustain a Spatial, Natural and Built Environment

MUNICIPAL STRATEGIC PRIORITY: Develop and sustain spatial, natural and built environment

Municipal Strategic Objective: Improved service delivery through provision of high quality, reliable and cost-effective infrastructure based on integrated spatial planning

KPI 51: Number of privately own portions of land acquired for human settlement by 30 June 2021	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	-	-	-	1	3	Transfer documents	3	Achieved
Comment on Achievement of the KPI and Remedial Measures								
<p>Achieved Donation and Township Establishment agreement signed for Maditlhokwa – Rooikoppies Properties. List of properties annexure d to the agreement. It's over three properties. Additional Work Special power of Attorney for different portions of land in Ikemeleng was signed by Council on 18/05/21 as to continue with the process to transfer properties from private owner to council. Ref : DPHS 1</p>								

KPI 52: Number of townships formalized or established	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	1	1	Achieved	2	No Revision	Township Establishment Application submitted to the Municipality	2	Achieved
Comment on Achievement of the KPI and Remedial Measures								
<p>Achieved</p> <p>Application for township Establishment on various portion of Farm Paardekraal 279 JQ was received from Maxim Planning Solutions during the second quarter.</p> <p>Application for Township Establishment on the remaining extent of Portion 8 of the farm Boschoek 103 JQ was received from Nkanivo Development Consultant on 23/06/2021.</p> <p>Ref : DPHS 5</p>								

KPI 53 : Number of SDF approved by council by June 2021	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	-	-	-	1	1 x SDF approved by Council	Council Resolution Approved SDF	Draft SDF	Not Achieved
Comment on Achievement of the KPI and Remedial Measures								
<p>Not Achieved</p> <p>Reasons for Non-Achievement</p> <p>The project was sponsored by Development of South Africa (DBSA) and the Housing Development Agency (HDA) and they had challenges with the appointed service provider and the draft could not be tabled before the end of the financial.</p> <p>Remedial Measures</p> <p>Revised draft SDF to be tabled during the 2nd quarter of the 2021/2022 financial year.</p> <p>Ref : DPHS 6</p>								

KPI 54: Single MPT Established by 31 December 2020	2019/2020			2020/2021				
	Annual Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	--	-	-	No MPT	Single MPT established by December 2020	Gazette Notice	MPT established by 3 November 2020	Achieved
Comment on Achievement of the KPI and Remedial Measures								
<p>Achieved KPI achieved during the second quarter of the financial year under review. The Rustenburg MPT was established and members proclaimed as per Provincial gazette of 3 November 2020. Ref : DPHS 9</p>								

3.24.12 CONCLUSION

The Municipality had **54 KPI's** for 2020/21 financial year. All the 54 KPI were applicable for the final assessment counting for all the 4 quarters, **37 KPIs** were achieved, **17 KPIs** were not achieved. To this end the actual performance for the Organization on KPI's during the review period was **69%**.

The Municipal Manager will in accordance with the performance regulations continue to engage all the Directors on the performance of their respective Directorates, as indicated herein, with the primary aim of ensuring sustained improvements per quarter, which will ultimately culminate into higher Directorates and Organizational Performance annually.

3.24.13 ASSESSMENT OF PERFORMANCE OF SERVICE PROVIDERS

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENT- DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								YES	NO	YES	NO	
1	RLM/DTIS/0024/2017/18	Dionetix (Pty) Ltd	Consulting Services	R1 256 691.00	R1 256 691.00	10/19/2017	10/18/2020	Yes		Yes		Expired
2	RLM/DTIS/0048/2019/20	Thaw Construction	Lethabong toilet & sewer Ward 27 Phase 3	R8 795 562.71	R8 795 562.71	28/07/2020	28/10/2021	yes		yes		Complete
3	RLM/DTIS/0062/2019/20 47/2018/2019	Rebaone Electrical	Electrification of Dinnie Estate	R8 795 562.71	R8 795 562.71	23/06/2020	30/03/2021	Yes		Yes		Expired
4	RLM/DTIS/0063/2019/20	Rebaone Electrical	Construction of Bulk Line Dinnie Estate	R6 614 423.29	R6 614 423.29	23/06/2020	23/12/2020	Yes		Yes		Expired
5	RLM/DTIS/0007/2020/21	Esbar Holdings	Appointment of a Service Provider for Supply and Delivery of HV, MV and LV Cables	Rates	Rates	18/05/2021	17/05/2024	Yes		Yes		Active

6	RLM/DTIS/0084/2020/21	Masheleni Trading & Projects	Appointment Of Service Provider(S) For The Construction Of Roads & Storm Water Ward 18 Phase 4 (Phokeng Ward 5)	R8 644 337.94	R8 644 337.94	20/05/2021	09/02/2022	Yes		Yes		Active
7	RLM/DTIS/0091/2019/20	Dimacay Trading Enterprise CC	Appointment Of A Contractor For The Construction Of Marikana Roads & Storm Water Drainage (Photsaneng)	R8 002 123.87	R8 002 123.87	22/04/2021	21/12/2022	Yes		Yes		Active
8	RLM/OMM/0080/2020/21	Mobofa Trading Services (Pty) Ltd	Appointment of a service Provider for the Construction of Marikana Roads and Storm Water Drainage Phase 4 (Thabaneng) for a period of Eight (8) months	R8 542 426.05	R8 542 426.05	17/05/2021	17/11/2021	Yes		Yes		Active
9	RLM/OMM/0083/2020/21	Masheleni Trading & Projects	Appointment Of Service Provider(S) For The Construction Of Roads & Storm Water	R10 065 275.34	R10 065 275.34	14/05/2021	N/A	Yes		Yes		Active

			Ward 18 Phase 4 (Phokeng Ward 4)									
10	RLM/DTIS/0007/2020/21	Esbar Holdings	Appointment of a Service Provider for Supply and Delivery of HV, MV and LV Cables	Rates	Rates	18/05/2021	N/A	Yes		Yes		Value
11	RLM/OMM/0082/2020/21	Alsandro	Appointment of a Service Provider for the Construction of Meriting Roads and Stormwater Ward 18 Phase 4 (Ga-Luka Ward 3)	Rates	Rates	18/05/2021	N/A	Yes		Yes		Active
12	RLM/OMM/0085/2020/21	Lacamora Trading (Pty) Ltd	Appointment of a Service Provider for the Construction of Meriting Roads and Stormwater Ward 18 Phase 4 (Phokeng - Ward 6)	R15 471 773.53	R15 471 773.53	14/05/2021	N/A	Yes		Yes		Active
13	RLM/DTIS/0090/2020/2021	Ontime Construction (Pty) Ltd	Appointment of a contract for the construction of Marikana roads	R7 756 603.74	R7 756 603.74	15/06/2021	14/02/2022	Yes		Yes		Active

			and stormwater (Thekwane)									
14	RLM/DTIS/0021/2020/21	Xsemble (Pty) Ltd	Appointment of Professional Service Provider to Planning, Implement and Monitor Energy Efficiency and Demand Side Management (EEDSM) Project	R4 500 000.0	R4 500 000.00	20/05/2021	19/05/2024	Yes		Yes		Active
15	RLM/DTIS/0094/2019/20	DKPB Construction CC	Appointment Of Service Provider(S) For The Construction Of Roads & Storm Water Ward 18 Phase 4	R13 337 216.05	R13 337 216.05	02/12/2021	21/10/2021	Yes		Yes		Active
16	RLM/DTIS/0076/2019/20	Mano A Rona	Construction Of Meriting Roads & Storm Water Ward 18 Phase 4 (Sondela –Ward 37)	R9 751 704.80	R9 751 704.80	02/12/2021	21/10/2021	Yes		Yes		Active
17	RLM/DTIS/0079/2020/21	TP Noko Constructors CC	Appointment of a Contractor for the Construction of Meriting Roads and Storm Water	R8 285 253.10	R8 285 253.10	15/02/2021	12/09/2021	Yes		Yes		Active

			Ward 18 (Ramochana - Ward 39)									
18	RLM/DTIS/0038/2020/21	Sue Phalane	Appointment A Service Provider For The Construction Of Internal Roads In Kanana Phase 4	R9 410 016.65	R9 410 016.65	19/02/2021	19/08/2021	Yes		Yes		Active
19	RLM/DTIS/0091/2019/20	Dimacay Trading Enterprise CC	Appointment Of A Contractor For The Construction Of Marikana Roads & Storm Water Drainage (Photsaneng)	R8 002 123.87	R8 002 123.87	22/04/2021	08/02/2022	Yes		Yes		Active
20	RLM/DTIS/0005/2020/21	Lekgatlhiso Construction and Projects	Appointment Of A Contractor For The Construction Of Meriting Ward 18 Roads And Storm Water (Part A)	R6 788 256.92	R6 788 256.92	19/02/2021	19/08/2021	Yes		Yes		Active
21	DEV/2020/21/001	Opto Africa (Pty) Ltd.	The repair, Maintenance, purchase of consumable and calibration of the weighbridge.	R 208 318.79	R 208 318.79	03/07/2020	30/06/2021	Yes		Yes		Expired

22	2020/21/004	COMMIX VISION PTY LTD	Tracking and Monitoring of Municipal Vehicles	R 10 000 000.00	R 10 000 000.00	15/10/2020		Yes		Yes		This is a section 36 appointment. Expired
23	2020/21/010	Masedi Electric Serve CC and Rebaone Electrical and Construction	Attending to electrical failure around Rustenburg	Rates as per the BOQ attached to the deviation	Rates as per the BOQ attached to the deviation	24/12/2021	24/03/2021					This is a section 36 appointment. Expired
24	DEV/2020/21/0015	Tholexo Trading (PTY) LTD	Hiring of heavy-duty trucks and yellow trucks Service and repairing of Heavy-duty trucks	Rates	Rates	23/03/2021		Yes		Yes		This is a section 36 appointment.
25	DEV/2020/21/0017	Nissan	Service and repairing of Heavy-duty trucks	R1 500 000.00	R1 500 000.00	23/03/2021	23/06/2021	Yes		Yes		
26	RLM/DTIS/0037/2020/21	Dwellers Trading & Projects CC	Appointment of a Contractor for the Construction of Boitekong Ward 19 Roads and Storm Water	R9 754 672.79	R9 754 672.79	17/03/2021	17/11/2021	Yes		Yes		This award was made through competitive bidding. Active

			Drainage Phase 6 - Ward 40									
27	RLM/DTIS/0036/2020/21	DKPB Construction CC	Appointment of a Contractor for the Construction of Boitekong Ward 19 Roads and Stormwater Drainage Phase 6 - Ward 21	R5 675 065.55	R5 675 065.55	17/03/2021	17/11/2021	Yes		Yes		This award was made through competitive bidding. Active
28	RLM/OMM/0081/2020/21	Dwellers Trading & Projects CC	Appointment of a Service Provider for the Construction of Phatsima Roads & Storm Water Drainage Phase 5 (Mafenya)	R8 593 365.60	R8 593 365.60	22/04/2021	07/01/2022	Yes		Yes		Active
29	DEV/2020/21/002	1. EPC	Maintenance of all municipal water and sewerage pump stations	R1 000 000.00	R1 000 000.00	11/09/2020	Ongoing					
30	RLM/DTIS/0028/2020/21	RIG Holdings JV	Appointment Of A Service Provider For The Provision Of Water Quality Monitoring Programme For A	Limited to R19 780 000.00 (Limited is the cap amount; the contractor must	Limited to R19 780 000.00	10/02/2021	10/02/2024	Yes		Yes		Active

			Period Of Three (03) Years.	spend up to R19 780 000.00 only)								
31	RLM/DTIS/0035/2020/21	DKPB Construction CC	Appointment of a Contractor for the Construction of Boitekong Ward 19 Roads and Stormwater Drainage Phase 6 - Ward 20	R5 072 422.68	R5 072 422.68	23/03/2021	23/12/2021	Yes		Yes		Active
32	RLM/OMM/0084/2020/21	Masheleni Trading & Projects	Appointment Of Service Provider(S) For The Construction Of Roads & Storm Water Ward 18 Phase 4 (Phokeng Ward 5)	R8 644 337.94	R8 644 337.94	14/05/2021	07/01/2022	Yes		Yes		Active
33	RLM/DTIS/0049/2019/20	Stone Pillar	Phatsima Extension 3 Yard Connections	R8 854 772.30	R8 854 772.30	29/06/2020	29/12/2020	Yes		Yes		Expired
34	RLM/DTIS/0055/2019/20	Maditsi Jan Construction	Phatsima Roads & Stormwater (Maile)	R7 689 934.17	R7 689 934.17	29/06/2020	29/11/2020	Yes		Yes		Expired

35	RLM/DTIS/0048/2019/20	DKPB Construction CC	Appointment of a Contractor for the construction of Lethabong Sewer Reticulation & Toilet Structure in Ward 28	R9 819 285.92	R9 819 285.92	28/07/2020	28/01/2021	Yes		Yes		Expired
36	RLM/DTIS/0047/2019/20	Thaw Construction (Pty) Ltd	Appointment of a Contractor for the construction of Lethabong Sewer Reticulation & Toilet Structure in Ward 27	R8 695 156.30	R8 695 156.30	2020/07/28	28/01/2021	Yes		Yes		Expired
37	RLM/DTIS/0053/2019/20	Batalala Construction (Pty) Ltd	Appointment of a Contractor for the Construction of Phatsima Roads and Stormwater (Lefaragatlhe)	R10 396 675.13	R10 396 675.13	15/10/2018	25/08/2020	Yes		Yes		Batalala was terminated, a new contractor was appointed to complete the works.
38	RLM/DTIS/0092/2019/20	Mobofa Trading Services (Pty) Ltd	Appointment Of A Contractor For The Construction Of Marikana Roads & Storm Water Drainage (Bethanie)	-	R11 829 796.91	21/01/2021	21/06/2021	Yes		Yes		Active

39	RLM/DCSS/0026/2019/20	MASHCORP2008 -CTECG JV	IT Network services and maintenance support	-	R 15 090 300	17-Mar-20	31-Mar-2023	Yes		Yes		Active
40	RLM/DRT/0014/2019/20	Drop Dot (Pty) Ltd	Design and Construction Supervision for Bus Depot and Layover Facility	-	R 35 852 240	4-Jun-20	3-May-2023	Yes		Yes		Project is 10% complete. Stage 2 Designs approved by June 2020
41	RLM/DRT/0047/2018/2019	Thuto Multi Holdings	Supply of Hot Asphalt	-		5-Sep-19	4-Sep-2022	Yes		Yes		Supply of material as when required (per order) of tar patching material
42	RLM/DRT/0047/2018/19	PB Productions	Supply Cold premix	-		4-Sep-19	4-Sep-2022	Yes		Yes		Project currently at roof level (85% progress registered)
43	RLM/DCD/0005/2019/20 The appointment of a service provider for the maintenance of all Municipal Elevators as and when required for a period of three years	SCHINDLER LIFT SA PTY LTD	MAINTENANCE OF LIFTS	-	R940,341.60	1-Jun-19	31-May-22	Yes		Yes		Active
44	RLM/LED/0011/2018/2019	Agriworld Global (Pty) Ltd	Agricultural Support Programme	R6 511 115.80	R2 500 000.00	22-Mar-20	22-Mar-23	Yes				Operational plan submitted. Situational analysis of current applications for

										Yes		agricultural support (3-year contract)
45	RLM/DLED/0012/2018/2019	Hlakudi Consulting	Co-operative Development Programme	R489 000.00	R0.00	7-Oct-20	8-Oct-23	Yes		Yes		Year 2 implementation plan has been submitted. Delays due to lockdown.
46	RLM/DCS/0098/2016/2017	MOTSWAKO OFFICE SOLUTION	For leasing and maintenance of Printers and Equipment	No figure mention on both appointment letter and Service level Agreement		17-Jan-18	31-Jan-2022	Yes		Yes		Active
47	RLM/DCSS/0026/2019/20	MASHCORP2008-CTECG JV	IT Network services and maintenance support	R 15 090 300	R 15 090 300	17-Mar-20	31-Mar-2023	Yes		Yes		Active
48	RLM/DPS/0002/2021/22	Mabotwane	Security Services	R11 000 000	R0.00	01 July 2021	30 June 2022	Yes		Yes		Tender Advertisement
49	RLM/DPS/0002/2021/22	White Leopard	Security Services	R11 000 000		01 July 2021	30 June 2022	Yes		Yes		Tender Advertisement
50	RLM/MM/0067/2017/18	Dreca	Access Control / Biometrics	R0.00	RO.00	10 April 2018	10 April 2021	yes		yes		Completed

51	-	Department of Transport	Motor vehicle registration and Licensing	(R23,968,250.81)	Dept of Transport= 80% Municipality= 20%	02 March 2011	0 March 2016	yes		yes		Expired (Awaiting finalization of the new SLA)
52	RLM/BTO/0024/2017/18	Ntiyiso Consulting	Consulting Services	-	Rates	23/12/2020	22/12/2023	Yes		Yes		Functional
53	RLM/BTO/0031/2017/18	Opti Property Consultants	Consulting Services	-	Rates	24/05/2018	24/06/2023	yes		yes		Functional
54	Deviation	CCG	Financial System Services	-	Commission	23/07/2018	01/06/2021	Yes		Yes		Functional
55	RLM/BTO/0107/2017/2018	Bazuzu trading MTC Tax Consulting JV	VAT	-	Commission	29/11/2018	28/11/2021	Yes		Yes		Functional

CHAPTER 4 : ORGANISATIONAL DEVELOPMENT PERFORMANCE

(PERFORMANCE REPORT PART II)

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

WORKFORCE TOTALS

Table 4.1 Workforce Totals

Directorate	Division	No. of posts	No. of Employees	Vacancies	Funded	Unfunded
Community Development	Director & Admin Support	7	2	5	1	4
	Community Facilities	603	229	374	64	310
	Libraries & Information Serv.	94	57	37	11	26
	Waste Management	305	143	162	24	138
	Integrated Environmental Management	5	4	1	0	1
	Civil Facilities & Maintenance	40	20	20	18	2
	Sub-Total	1054	455	599	118	481
Corporate Support Services	Director & Admin Support	4	2	2	2	0
	Human Resources	37	20	17	4	13
	Information Technology	19	12	7	1	6
	Admin Support Services	37	25	12	1	11
	Occupational Health & Safety	19	8	11	1	10
	Sub-Total	116	67	49	9	40
Infrastructure Services	Director & Admin Support	8	4	4	0	4
	Electrical Eng.Serv	235	104	131	32	99
	Mechanical Eng. S	77	33	44	16	28
	Water Service	317	136	181	16	165
	Sanitation Service	303	58	245	10	235
	Sub-Total	940	335	605	74	531
Planning and Human Settlement	Director & Admin Support	9	6	3	1	2
	Building Control & Regulations	15	10	5	3	2
	Development Planning	31	21	10	3	7
	Unit Housing	40	31	9	2	7
	Estate Admin & Land Sales	15	7	8	1	7
	Sub-Total	110	75	35	10	25
Public Safety	Director & Admin Support	8	6	2	0	2
	Emergency & Disaster Management	363	81	282	25	257
	Licensing & Testing	178	71	107	12	95
	Traffic Services	505	100	405	21	384
	Law Enforcement	524	87	437	14	423

Directorate	Division	No. of posts	No. of Employees	Vacancies	Funded	Unfunded
	Sub-Total	1578	345	1233	72	1161
Budget and Treasury	CFO & Deputy CFO & Admin Sup	5	5	0	0	0
	Revenue & collection	86	31	55	11	44
	Billing	61	35	26	6	20
	Financial Management	59	29	30	6	24
	Financial Control	22	15	7	3	4
	Intern National Treasury	0	2	0	0	0
	Supply Chain Management	29	25	4	3	1
	Sub-Total	262	140	122	29	93
Local Economic Development	Director & Admin Support	4	4	0	0	0
	Trade & Invest/Rural Dev	11	3	8	2	6
	Economic Research & Policy	10	8	2	0	2
	Enterprise Development	16	5	11	2	9
	Sub-Total	41	20	21	4	17
Office of the Municipal Manager	MM & Admin Support	5	5	0	0	0
	Strategy & Planning	9	5	4	0	4
	Project Management	26	10	16	2	14
	Legal & Valuation	10	10	0	0	0
	Auditing	8	7	1	0	1
	Risk Management	4	2	2	0	2
	RCC Offices	38	21	17	6	11
	Customer Care	53	23	30	2	28
	Sub-Total	153	83	70	10	60
Rustenburg Rapid Transport	Director & Admin Support	12	5	7	3	4
	Roads & Stormwater	228	144	84	27	57
	Sub-Total	240	149	91	30	61
Office of the Executive Mayor	Admin Support Services	16	10	6	1	5
	Mayoral Admin Officer	10	6	4	0	4
	Communication	7	3	4	1	3
	Intergovernmental Relations	3	2	1	0	1
	Special Projects	7	7	0	0	0
	VIP Protection Services	4	3	1	1	0
	Monitoring & Evaluation	6	2	4	0	4
	Sub-Total	53	33	20	3	17
Office of Chief Whip	Admin Support Services	5	3	2	2	0
Office of the Speaker	Admin Support Services	17	10	7	0	7
	MPAC	7	3	4	1	3
	Sub-Total	29	16	13	3	10
	TOTAL	4576	1718	2858	362	2496

Table 4.2 Vacancy Rate = 61.71%

Vacancy Rate: 2020/2021				
No	Designations	No. of approved posts	No. of vacancies	Vacancy Rate (%)
1	Municipal Manager	1	0	0%
2	Chief Financial Officer	1	0	0%
3	Other section 57 Managers	13	3	23.08%
5	Senior Management	42	8	19.05%
6	Professionals	400	148	37%
7	Skilled people	1900	1446	76.11%
8	Semi-skilled people	967	472	48.91%
9	Unskilled	1252	747	59.76%
TOTALS		4576	2824	61.71%

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	5.35%
2014/2015	1 784	206	11.55%
2015/2016	1 735	64	3.59%
2016/2017	1 838	107	5.82%
2017/2018	1 753	67	3.82%
2018/2019	1 754	48	2.74%
2019/2020	1 742	40	2.30%
2020/2021	1665	108	6.49%

COMPONENT B: 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:

Number of Employees whose Salaries were increased

Table 4.9 Salary Increases

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

4.7 COURSE ATTENDANCE: 1 JULY 2020 – 30 JUNE 2021

Table 4.7 Courses Attended

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										African		Coloured		Asian		White	
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F
Intro to HR - Sage & Personnel Management Mr Innocent Kapoya (CCG System)	2020/11/12	Tshetlhane W	OHS									1				1					
		Rakoma R L M	OHS									1				1					
		Kgaladi S H	OHS									1				1					
		Matlhola J	OHS									1				1					
		Thebe N T	OHS									1					1				
Intro to HR - Sage & Personnel Management Mr Innocent Kapoya (CCG System)	2020/11/13	Pheto P	Information Technology									1				1					
		Mosiako A	Information Technology									1				1					
		Bezuidenhout S	Information Technology									1								1	
		Mndawe S	Information Technology									1				1					
		Mooki L	Information Technology									1				1					
First Aid	2020/11/17	Maboke K G	Electrical						1						1						
		Manyako K I	Electrical						1						1						
Mr Donovan Grove		Maemela I A	Electrical						1							1					

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										African		Coloured		Asian		White	
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F
(Lateral Uniso Insurance Brokers (Pty) Ltd)		Mokgoro L N	Electrical						1						1						
		Mpipi T J	Electrical						1					1							
		Gumede P L	Electrical						1					1							
		Rakoto J D	Electrical						1						1						
		Moseki G	Electrical						1						1						
		L M Matsioloko	Electrical						1						1						
		Kgari J M	Housing			1									1						
		Sefora N H	Housing			1									1						
		Phetheni S	Electrical						1					1							
		Letsholo K R	Civil Facilities					1							1						
		Molefe I M	Electrical						1						1						
Accident & Incident Investigation Mr Donovan Grove (Lateral Uniso Insurance Brokers (Pty) Ltd)	2020/11/18	Shibambo M H	Electrical						1					1							
		Carrim M R	Electrical						1					1							
		Letsholo K R	Civil Facilities					1							1						
		Baepanye M	Electrical						1					1							
Brokers (Pty) Ltd)		Sebego K J	Electrical						1					1							
		Sekhaolelo R C	Electrical						1						1						
Accident & Incident	2020/11/18	Letsoalo S A	Electrical						1						1						

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										African		Coloured		Asian		White	
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F
Investigation		Lekaba P L	Electrical						1					1							
Mr Donovan Grove (Lateral Uniso Insurance Brokers (Pty) Ltd)		Nkele K E	Electrical						1					1							
		Phetheni S	Electrical						1					1							
		Petja S J	Water						1					1							
		Monnaagaratoe J G	Water						1					1							
		Masithela T R	Roads & Stormwater							1				1							
		Lebese J N	Sanitation						1					1							
		Maserumule W	Sanitation						1					1							
Hazard Identification Risk	2020/11/19	Mampane K L	Electrical						1					1							
Assesement Control (HIRA)		Gaboutlwelwe P L	Electrical						1					1							
		Phetheni S	Electrical						1					1							
Mr Donovan Grove (Lateral Uniso Insurance Brokers (Pty) Ltd)		Molefe M P	Sanitation						1					1							
		Molefe L R	Electrical						1					1							
		Manthe L P	Sanitation						1					1							
		Ramela S	Sanitation						1					1							
		Kgosiemang J	Sanitation						1					1							
		Pule M	Electrical						1						1						

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										African		Coloured		Asian		White	
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F
		Lebese J N	Sanitation						1					1							
		Lobelo O B	Sanitation						1						1						
		Phuduhudu C D	Water						1						1						
		Moabi K	Water						1					1							
Hazard Identification Risk Assessment Control (HIRA)	2020/11/20	Mekgwe E	Fire Department				1								1						
		Ngakane O C	Law Enforcement				1								1						
		Sithole T	Law Enforcement				1							1							
Mr Donovan Grove		Lekorwe K	Civil Facilities					1						1							
		Thamage O J	Fire Department				1								1						
(Lateral Uniso Insurance Brokers (Pty) Ltd)		Motang H K	Housing			1								1							
		Modukanene I E	Roads & Stormwater									1		1							
		Modise G P	Housing			1								1							
		Pile N K	Civil Facilities									1			1						
		Lewisa J N	Civil Facilities									1		1							
Hazard Identification Risk Assessment Control (HIRA)	2020/11/20	Ramokgadi T M	Fire Department				1								1						
		Haraba M	Fire Department				1								1						
		Phetheni S	Electrical						1					1							

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										African		Coloured		Asian		White	
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F
		Kaposhe F N	Fire Department				1								1						
Mr Donovan Grove		Chima S J	Community Facilities					1						1							
(Lateral Uniso Insurance		Motlhake E	Roads & Stormwater									1		1							
Brokers (Pty) Ltd)		Nkele P D	Prepaid						1					1							
SAGE Training	2020/11/24	Moyo E S	Training and Dev.								1				1						
		Mtyotja B	Training and Dev.								1			1							
		Mohlabi L	Labour Relations								1			1							
		Sekhute R	Labour Relations								1			1							
Induction	2021/04/28	Makgae O S	Customer Care									1			1						
		Milanzi T	Human Resources								1				1						
Mr Bard Mtyotja		Maleko O I	Traffic Services				1							1							
		Ngewu-Ndlovu A	Civic Centre					1						1							

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										African		Coloured		Asian		White	
				BT O	LE D	PH S	PS	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F
		Thage K	Civil Facilities					1							1						
		Motsuenyane M S	Civil Facilities					1								1					
Fire Appliances Restoring	2021/05/03-07	Ramawela J	Fire Department				1								1						
FPASA		Oberhaulzer M	Fire Department				1													1	
		Setshedi D	Fire Department				1									1					
		Moni S	Fire Department				1									1					
		Tuge S	Fire Department				1									1					
Bid Committee Training	2021/06/28-07/02	Mmemezi NC	IGR										1		1						
National School of		Hlatshwayo L	Speakers Office										1		1						
		Shabangu SH	Speakers Office											1		1					
Governance		Ngobeni JB	PMU										1		1						
Ms Bonny Manyadu		Ntlhamu WF	PMU										1		1						
		Dire M	Strategic Mng.										1		1						
		Khiba B	Risk Management										1			1					
		Ditsele G	Admin Support	1											1						
		Dikoko M	Budget Office	1											1						

Bid Committee Training <

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 R316 million in 2020/21 compared to 2019/20 financial year. The expenditure for 20/21 increased by R489 million compared to the actual of 2019/20 and this is mainly as a result of additional impairment provided for outstanding debtors in line with GRAP 104. The net operations resulted into a surplus of R266 million in 2020/21.

STATEMENT OF FINANCIAL PERFORMANCE

Table 5.1 Financial Performance

Description	Controlling entity	
	2021 R'000	2020 Restated R'000
Total Revenue (including Gains and Fair Value Adjustments)	5 318 040	5 002 339
Total expenditure	(5 052 096)	(4 563 140)
Surplus (deficit) for the year	(265 944)	439 199

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	2021	2020
	R'000	R'000
Total Revenue (including Gains and Fair Value Adjustments)		
Service Charges	3 134 083	2 766 037
Rental of Facilities and Equipment	10 010	8 921
Interest Received from Trading Activities	352 927	375 330
Agency Services	26 858	15 568
Licenses and Permits	2 760	6 678
Other Income	16 516	14 100
Interest Received (Other)	17 250	24 495
Property Rates	412 887	372 909
Government Grants & Subsidies	1 308 925	1 218 705
Fines, Penalties and Forfeits	16 284	11 140
Public contributions and donations	0	188 413
Gain on Disposal of Assets	0	0
Fair Value Adjustments	21	43
Actuarial Gains	19 519	0
Grand Total Revenue (including Gains and Fair Value Adjustments)	5 318 040	5 002 339

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

REVENUE SOURCE	30-Jun-21	30-Jul-20	30-Jul-19
Service charges	3 134 083	2 766 037	2 877 891
Rental of facilities and equipment	10 010	8 921	20 137
Interest received (trading)	352 927	375 330	282 389
Agency services	26 858	15 568	1 037
Licences and permits	2 760	6 678	16 772
Other income	16 516	14 100	9 959
Interest received - investment	17 250	24 495	16 444
Property rates	412 887	372 909	353 910
Government grants & subsidies	1 308 925	1 218 705	1 158 869
Public contributions and donations	-	188 413	-
Fines, Penalties and Forfeits	16 284	11 140	8 046
Gain on disposal of assets and liabilities	-	-	953
Fair value adjustments	21	43	24
Actuarial gains/losses	19 519	-	24 447
TOTAL REVENUE (INCLUDING GAINS & FAIR VALUE ADJUSTMENTS)	5 318 040	5 002 339	4 770 878
REVENUE COLLECTION	4 320 049	4 102 706	4 127 850
PERFORMANCE FOR REVENUE COLLECTION PER SOURCE	81%	82%	87%

The municipality's performance for revenue collection is 81%, which has decreased when compared to the previous financial year. The municipality must intensify credit control measures with the objective of improving long term sustainability.

REVENUE PER VOTE

30 June 2021

Vote 1 - EXECUTIVE MAYOR	23 292
Vote 2 - MUNICIPAL MANAGER	369 613
Vote 3 - CORPORATE SUPPORT SERVICES	4 387
Vote 4 - BUDGET AND TREASURY	511 754
Vote 5 - PUBLIC SAFETY	50 864
Vote 6 - PLANNING AND HUMAN SETTLEMENT	3 752
Vote 7 - LOCAL ECONOMIC DEVELOPMENT	3 752
Vote 8 - COMMUNITY DEVELOPMENT	55 311
Vote 9 - TECHNICAL AND INFRASTRUCTURE	4 295 316

TOTAL REVENUE (INCLUDING GAINS AND FAIR VALUE ADJUSTMENTS)

5 318 040

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

	30 June 2021	30 June 2020	30 June 2019
	R'000	R'000	R'000
Gross balances			
Consumer debtors - Rates	462 531	375 412	313 801
Consumer debtors - Electricity	1 001 614	693 660	873 380
Consumer debtors - Water	1 828 689	1 573 206	1 380 090
Consumer debtors - Sewerage	489 461	412 588	353 378
Consumer debtors - Refuse	523 183	443 392	373 612
Consumer debtors - Other	2 057 526	1 824 819	1 480 128
	6 363 004	5 323 077	4 774 389
Less: Impairment of debtors			
Consumer debtors - Rates	- 434 630	- 369 332	- 313 736
Consumer debtors - Electricity	- 768 002	- 644 117	- 788 096
Consumer debtors - Water	- 1 803 701	- 1 526 313	- 1 377 345
Consumer debtors - Sewerage	- 480 840	- 410 259	- 353 357
Consumer debtors - Refuse	- 515 073	- 438 971	- 373 593
Consumer debtors - Other	- 2 021 667	- 1 785 098	- 1 478 668
	- 6 023 913	- 5 174 090	- 4 684 795
Net balances			
Consumer debtors - Rates	27 901	6 080	65
Consumer debtors - Electricity	233 612	49 543	85 284
Consumer debtors - Water	24 988	46 893	2 745
Consumer debtors - Sewerage	8 621	2 329	21
Consumer debtors - Refuse	8 110	4 421	19
Consumer debtors - Other	35 859	39 721	1 460
	339 091	148 987	89 594
Percentage Decrease Net balance 2019 to 2020			66%
Percentage Decrease Net balance 2020 to 2021			128%

Operating Expenditure

The graph below gives the break down per main expenditure group

Table 5.3 Breakdown per main expenditure group

Expenditure		2021	2020
		R'000	R'000
Employee Related Costs		-769 951	-762 142
Remuneration of Councillors		-60 406	-55 957
Depreciation and Amortization		-347 719	-347 298
Impairment loss		-756 082	-450 773
Finance Costs		-69 946	-89 507
Lease rentals on operating lease		-4 063	-12 298
Bulk Purchases		-2 622 596	-2 189 958
Contracted Services		-175 797	-222 613
General Expenses		-244 794	-324 041
Actuarial gains / losses		-	-88 297
Total expenditure		- 5 051 354	- 4 542 884

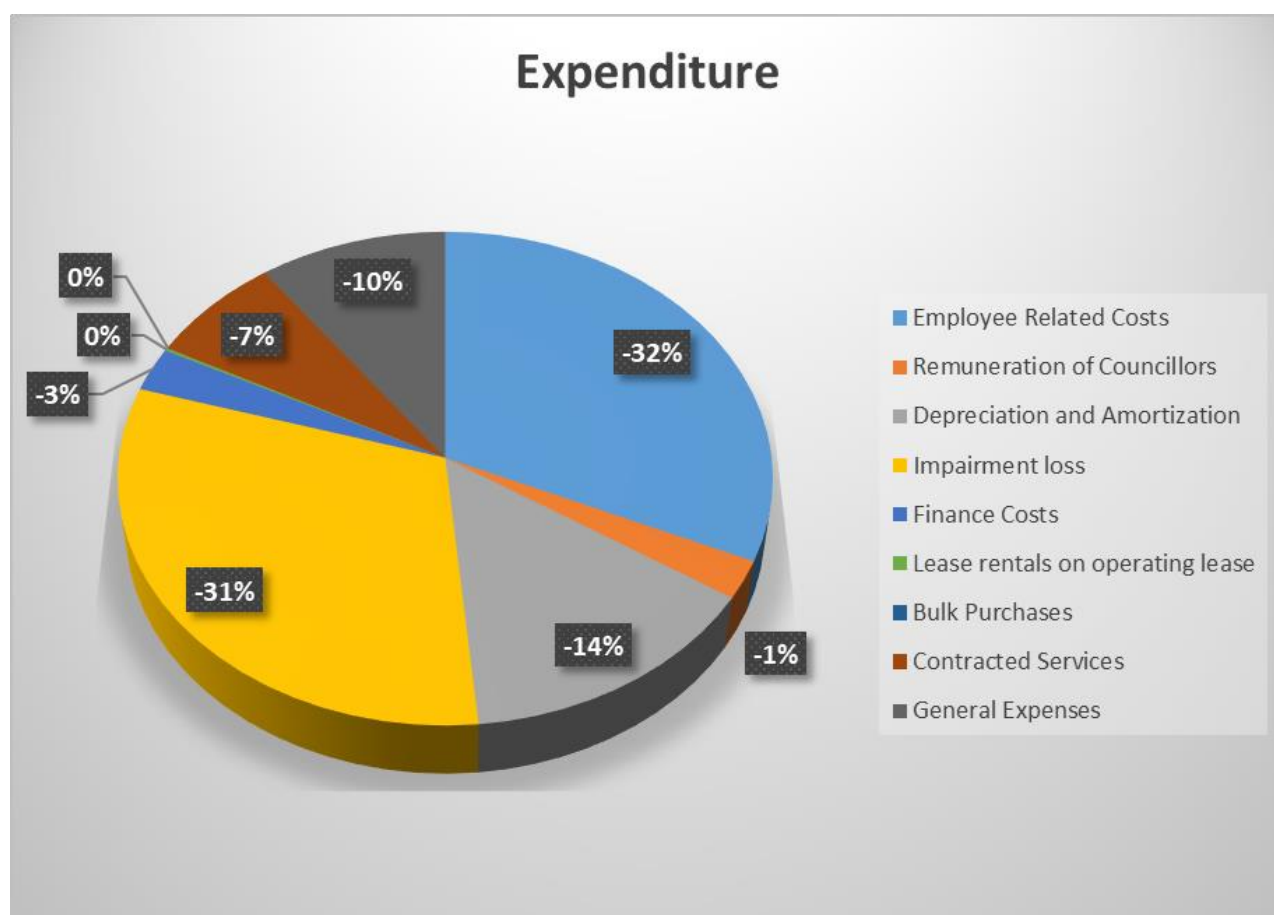


Figure 5.2 Analysis of financial position as at the 30 June 2021

Table 5.4 Asset Management

	Economic entity	
	2021	2020
Current Assets	965 974	889 620
Non-Current Assets	9 094 357	9 110 515
Total Assets	10 060 331	10 000 135
Current Liabilities	1 517 948	1 755 600
Non-Current Liabilities	528 009	581 687
Total Liabilities	2 045 957	2 337 287

EMPLOYEE RELATED COSTS

The actual expenditure on remuneration expressed as a percentage of the total expenditure has decreased from the previous year. The employee related costs as a percentage of total expenditure is at 16.51 %.

Table 5.5 Employee Related Costs

Description	Economic entity	
	2021	2020
	R'000	R'000
Total revenue (including Gains and Fair Value Adjustments)	5 410 597	5 072 482
Total expenditure	(5 058 808)	(4 557 854)
Employee related costs	774 567	767 890
Remuneration of councilors	60 406	55 957
Total Employee Related Costs and Councillors Remuneration	834 973	823 847
Ratio: % of Revenue	15.43	16.24
Ratio: % of Expenditure	16.51	18.08
% growth in remuneration expenses	1	6

The following is the key financial ratios for the economic entity

Table 5.6 Financial ratios

	2021	2020
Current ratio	0.64	0.51
Solvency Ratio	3.50	4.75
Debt (Total borrowings)/Total Operating Revenue	9 %	12 %
Total Long-Term debt to total revenue (excluding grants)	9 %	12 %
Capital cost (Interest paid and redemption) as a % of Total Operating Expenditure	1 %	2 %
Cash / Cost coverage ratio (Excluding unspent conditional grants)	1 Month	1 Month
Contracted Services % of Total Operating Expenditure	3 %	5 %
Capital expenditure to Total Operating Expenditure	93 %	89 %
Net Operating Surplus / (Deficit) Margin	7 %	10 %
Cash and cash equivalent at the end of the year	506 025	622 220

Supply Chain Management

Rustenburg Local Municipality established a supply chain management (SCM) Unit under the direct supervision of a unit manager who has been delegated in terms of section 82 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) by the Chief Financial Officer (CFO). The SCM Unit was established in accordance to the requirements of the Municipal Supply Chain Management Regulations, 2005.

The municipality's SCM Policy, which incorporates the Preferential Procurement Regulations, as well as all other relevant legislation, regulations and circulars, was approved per item no. 123 date 30th May 2014 by the Municipal Council. It makes provision for a committee system for competitive bids consisting of the following:

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

Bid Committee Meetings

The following table details the number of meetings held for the 2020/2021 financial year:

Table 5.7 Bid Committee Meetings

Bid Specification Committee	Bid Evaluation Committee	Bid Adjudication Committee
45	40	35

DISPOSAL MANAGEMENT

No disposables were carried out in the 2020/2021 financial year

BIDS AWARDED

Table 5.8 Bids Awarded

Description	2020/2021
Number of bids awarded	30
The total value of bids awarded	R183 586 060.88
Number of bids awarded for capital projects	20
The total value of bids awarded for capital projects	R169 521 392
Number of bids awarded for operational projects	10
Total value of bids awarded for operation projects	R14 064 668 and other are appointed on rate per unit price
Number of bids awarded locally	12
Value of bids awarded locally	R73 479 394

Number of bids awarded locally for capital projects	10
Value of bids awarded locally for capital projects	R73 273 888
Number of bids awarded locally on Operational projects	1
Value of bids awarded locally on Operation projects	Appointed on rates per unit price

QUOTATION AWARDED

Table 5.10 Quotations Awarded	2020/2021
Number of quotations awarded	29
The total value of quotation awarded	R4 296 672.83
Number of Quotations awarded locally	27
Value of Quotations awarded locally	R3 928 097.83

INVENTORY MANAGEMENT

The stock balance after the annual stock count reflects R 26 845 000.00 The electrical equipment is treated as PPE in line with the Generally Recognized Accounting Practice. The total amount for the identified electrical equipment is R16 662 000.00 The remaining amount of R10 183 000.00 is treated as consumable stores and disclosed under inventory.

CHAPTER SIX: AUDITOR GENERAL'S FINDINGS

6.1 AUDITOR GENERAL'S REPORT 2020/2021



Auditing to build public confidence

AUDITOR - GENERAL
SOUTH AFRICA

Report of the auditor-general to the North West Provincial Legislature and the council on 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 Rustenburg Local Municipalities and its subsidiaries set out on pages **212 to 323**, which comprise the consolidated and separate statement of financial position as at 30 June 2021, the consolidated and separate statement of financial performance, statement of changes in net assets, and cash flow statement and the statement of comparison of budget information with actual information 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 as at 30 June 2021, and their financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 4 of 2020 (DoRA).

Basis for qualified opinion

Property, plant and equipment

3. I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment as the underlying supporting registers for infrastructure assets, land and buildings and projects included in work-in-progress were not sufficiently complete. I was unable to confirm these infrastructure assets, land and buildings and work-in-progress by alternative means. Consequently, I was unable to determine whether any adjustments relating to property, plant and equipment of R8 945 415 000 and R8 372 097 000 (2020: R8 951 181 000 and R8 351 991 000) as disclosed in note 4, the depreciation and impairment on property, plant and equipment of R377 605 000 and R338 559 000 (2020: R370 719 000 and R338 211 000) included in the depreciation and amortisation expense as disclosed in note 34 to the consolidated and separate financial statements was necessary or the related prior period errors disclosure in note 48 to the consolidated and separate financial statements was necessary

Payables from exchange transactions

4. I was unable to obtain sufficient appropriate audit evidence for unallocated deposits due to the state of the underlying records and lack of information supporting these amounts.

I was unable to confirm these unallocated deposits by alternative means. Consequently, I was unable to determine whether any adjustments to unallocated deposits of R151 982 000 (2020: R127 710 000) included in payables from exchange transactions as disclosed in note 22 or the related prior period errors disclosure in note 48 to the consolidated and separate financial statements were necessary.

Value added tax (VAT) payable

5. I was unable to obtain sufficient appropriate audit evidence for the VAT payable due to limitations placed on the scope of my work. I was unable to confirm the VAT payable by alternative means. Consequently, I was unable to determine whether any adjustments to the VAT payable of R186 692 000 and R184 736 000 (2020: R172 944 000 and R149 171 000) as disclosed in note 23 or the related prior period errors disclosure in note 48 to the consolidated and separate financial statements was necessary.

Revenue from exchange transactions

6. The municipality did not account for all revenue from sale of electricity, water, sewerage charges and refuse removal in accordance with GRAP 9, *Revenue from exchange transactions* as the municipality did not maintain adequate records of the services rendered. I was unable to determine the full extent of the misstatement on service charges of R3 200 276 000 and R3 134 083 000 (2020: R2 830 036 000 and R2 766 037 000) as disclosed in note 25 to the consolidated and separate financial statements and net consumer debtors of R357 331 000 and R339 091 000 (2020: R170 573 000 and R148 987 000) as disclosed in note 15 to the consolidated and separate financial statements. Furthermore, the municipality did not accurately account for sale of electricity which resulted in consumer debtors – electricity as disclosed in note 15 and sale of electricity as disclosed in note 25 being understated by R98 107 278 (2020: R48 013 768) and sale of water which resulted in consumer debtors – water as disclosed in note 15 and sale of water as disclosed in note 25 being understated by R49 978 497. Consequently, I was unable to determine whether any adjustments to service charges of R3 200 276 000 and R3 134 083 000 (2020: R2 830 036 000 and R2 766 037 000) as disclosed in note 25 to the consolidated and separate financial statements and net consumer debtors of R357 331 000 and R339 091 000 (2020: R170 573 000 and R148 987 000) as disclosed in note 15 to the consolidated and separate financial statements was necessary.

Property rates

7. I was unable to obtain sufficient appropriate audit evidence for property rates due to the state of the accounting records and lack of information supporting these amounts. I was unable to confirm these property rates by alternative means. Consequently, I was unable to determine whether any adjustments to property rates of R412 887 000 disclosed in note 29 and receivables from non-exchange transactions as disclosed in note 14 to the consolidated and separate financial statements was necessary.

Irregular expenditure

8. During 2017/18, I was unable to obtain sufficient appropriate audit evidence for the opening balance of irregular expenditure disclosed due to the fact that the municipality did not maintain a detailed register of irregular expenditure. I was unable to determine whether any adjustments to irregular expenditure of R6 316 687 000 (2020: R5 702 093 000) as disclosed in note 55 to the consolidated and separate financial statements were necessary. My audit opinion on the financial statements for the periods ended 30 June 2020 was modified accordingly. I was still unable to confirm these irregular expenditure by alternative means. Consequently, my opinion on the current year financial statements is also modified because of the possible effect of this matter on the current period's figures.

Context for the opinion

9. 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.
10. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
11. 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

12. I draw attention to the matter below. My opinion is not modified in respect of this matter.
13. As disclosed in note 51 of the consolidated and separate financial statements the municipality's current liabilities exceed its current assets, the recoverability of outstanding debtors is low and more than ninety percent of gross debtors have been impaired and on average the municipality takes longer than the prescribed thirty day period to pay creditors. These conditions, together 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

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

Unauthorised and fruitless and wasteful expenditure

15. As disclosed in note 53 to the consolidated and separate financial statements, unauthorised expenditure of R555 919 000 and R963 824 000 in respect of prior years was not investigated
16. As disclosed in note 54 to the consolidated and separate financial statements, fruitless and wasteful expenditure of R3 509 000 was incurred in the current year and fruitless and wasteful expenditure of R29 487 000 from prior years were not investigated.

Material losses

17. As disclosed in note 56 to the consolidated and separate financial statements, material water losses of R194 793 000 (2020: R188 778 000) was incurred as a result of water lost through the distribution process, which represents 48.66% (2020: 45,83%) of total water purchased.
18. As disclosed in note 56 to the consolidated and separate financial statements, material electricity losses of R121 523 000 (2020: R110 814 000) was incurred as a result of electricity lost through the distribution process, which represents 4.91% (2020: 7.07%) of total electricity purchased.

Restatement of corresponding figures

19. As disclosed in note 48 to the consolidated and separate financial statements, the corresponding figures for 30 June 2020 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2021.

Other matters

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

Unaudited disclosure notes

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

Unaudited supplementary schedules

22. The supplementary information set out on pages **402 to 455** does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

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

23. 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.
24. 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

25. 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.
26. 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.
27. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code), as well as the other ethical requirements that is relevant to my audit of the consolidated and separate financial statements in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

Report on the audit of the annual performance report

Introduction and scope

28. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected key performance areas 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 key performance areas presented in the municipality's annual performance report for the year ended 30 June 2021:

Key performance area	Pages in the annual performance report
KPA 5 - Basic services and infrastructure development	151– 163

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 key performance areas are as follows.

KPA 5 - Basic Services and Infrastructure Development

KPI 37: Number of households with access to basic water

32. I was unable to obtain sufficient appropriate audit evidence that clearly defined the predetermined source information and method of collection or that related systems and processes were established to enable consistent measurement and reliable reporting of the actual achievement of the indicators listed below. This was due to a lack of measurement definitions and processes. In addition, the reported target of the 20 000 was not consistent with the planned target of 500. I was unable to confirm that the indicators are well defined and verifiable by alternative means. As a result, I was unable to audit the reliability of the achievements reported in the annual performance report of the indicator.

KPI 38: % compliance to water quality as per South African National standards by 30 June 2021

33. I was unable to obtain sufficient appropriate audit evidence for the achievement of 95% reported against target 95% in the annual performance report, due to the lack of accurate and complete records. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement.

KPI 39: % Reduction of Non-Revenue Water loss by 30 June 2021

34. I was unable to obtain sufficient appropriate audit evidence to support the measures taken to improve performance against target 5% as reported in the annual performance report. This was due to limitations placed on the scope of my work. I was unable to confirm the reported measures taken by alternative means. Consequently, I was unable

to determine whether any adjustments were required to the reported measures taken to improve performance.

KPI 40: Number of households with access to basic sanitation services

35. The method of calculation for measuring the planned indicator was not clearly defined and related systems and processes were not adequate to enable consistent measurement and reliable reporting of performance against the predetermined indicator definitions. As a result, limitations were placed on the scope of my work and I was unable to audit the reliability of the achievement of 840 reported against target 500 in the annual performance report.

Other matter

36. I draw attention to the matter below.

Achievement of planned targets

37. Refer to the annual performance report on pages **111 to 180** 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 35 of this report.

Report on audit of compliance with legislation

Introduction and scope

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

Financial statements

40. 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, liabilities and commitments identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements and/ or supporting records that could not be provided resulted in the financial statements receiving qualified audit opinion
41. The annual financial statements were not submitted to the Auditor-General, for auditing, within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA.
42. The consolidated financial statements were not submitted to the Auditor-General, for auditing, within three months after the end of the financial year, as required by section 126(1)(b) of the MFMA.

Strategic planning and performance management

43. The performance of the Rustenburg Water Service Trust was not monitored and reviewed as part of the annual budget process, as required by section 93B(b) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA).
44. The municipality's performance management system and related controls were inadequate as it did not enable useful and reliable performance measurement and reporting as required by regulation 7(1) of the municipal planning and performance management regulations.

Asset management

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

Consequence management

46. 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.

Expenditure management

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. The majority of the disclosed irregular expenditure was caused by awarding of contracts without following a competitive bidding process.
48. Reasonable steps were not taken to prevent fruitless and wasteful expenditure of R3 509 000, as disclosed in note 54 to the consolidated and separate financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest and penalties.

Revenue management

49. An effective system of internal control for revenue was not in place, as required by section 64(2)(f) of the MFMA.

Procurement and contract management

50. 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(1)(a).
51. Sufficient appropriate audit evidence could not be obtained that contracts were awarded only to bidders who submitted a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c).
52. Some of the contracts and quotations were awarded to bidders based on preference points that were not allocated and calculated in accordance with the requirements of section 2(1)(a) of the Preferential Procurement Policy Framework Act and its regulations. Similar non-compliance was also reported in the prior year.
53. Some of the contracts and quotations were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy Framework Act and 2017 Preferential Procurement Regulations 11.
54. Some of the invitation to tender for procurement of commodities designated for local content and production, did not stipulated the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(2).
55. Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis as required by section 116(2) of the MFMA. Similar limitation was also reported in the prior year.

Other information

56. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the audit committee's 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.

57. 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.
58. 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.
59. 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

60. I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, the findings on the performance report and the findings on compliance with legislation included in this report.
- Management did not effectively implement and monitor the corrective action plans initiated by leadership to address prior year audit findings. Root causes were not addressed which resulted in repeat findings on financial and performance reporting as well as compliance with legislation.
 - The municipality does not have a proper system in place to account for and monitor spending on capital contracts, which is the main reason for project management shortcomings and accounting misstatements that result from this internal control weakness. In addition, management failed to address the significant control deficiencies within the asset management system.
 - There is a lack of controls over daily and monthly processing and reconciling of transactions. In addition, management did not implement effective controls to ensure that all information in the financial statements and the report on predetermined objectives were reliable before submission for audit. These shortcomings are evident at year-end during the annual reporting process as well as during the financial year. This negatively impact the reporting and budget monitoring processes as well as the quality of the financial and other information provided to council during the course of the year.
 - Records management remains a concern. The unavailability of documents resulted in a lack of complete, relevant and accurate information in support of financial and performance information.
 - 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 was compromised by management's inability to adequately address and react to the audit committee and internal audit's findings and recommendations.

Material irregularities

61. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of the material irregularities reported in the previous year's auditor's report.

Material irregularities identified during the audit

62. The material irregularities identified are as follows:

Other material irregularities

Fleet management services procured not part of the original tender

63. The municipality entered into a contract for the provision of automated fleet and fuel management solutions during June 2018 as their fleet was in a state of disrepair and most of the vehicles reached its economical lifespan. On 20 July 2018, a "*price negotiation*" meeting was held between appointed service provider and the municipality. During this meeting, the original scope of the work was extended and new services were added to the scope of services that was not part of the original tender process.
64. SCM Regulation 19(a) provides that a supply chain management policy must specify that goods or services above a transaction value of R200 000 (VAT included) and long term contracts may be procured by the municipality only through a competitive bidding process, subject to regulation 11(2). However, the scope of work was extended beyond the limits of SCM Regulations 19(a) during the price negotiation and items that was not part of the competitive bidding process, were included at higher than market related price. The before mentioned resulted in a likely material financial loss for the Rustenburg Local Municipality
65. The accounting officer was notified of this material irregularity on 22 November 2021 and was invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer stated in his response of 8 December 2021, that he completed the internal investigation process in line with MFMA section 32 and subsequently disciplinary steps have been taken against the chair of the bid evaluation committee and the deputy chief financial officer. The before mentioned officials were dismissed or resigned including the accounting officer responsible for concluding the contract. The contract with the service provider was terminated during August 2019 based upon a high court order, to prevent further financial loss. During August 2019, the accounting officer referred the matters to the HAWKS, while requesting National Treasury to support a forensic investigation into the above-mentioned contract. However, it is not practicable to determine when the legal process will be finalised due to the complex legal nature of the transaction.
66. I will follow up on the investigations and the implementation of the planned actions during my next audit.

Payments made for fleet management service items above market value

67. The municipality entered into a contract for the provision of automated fleet and fuel management solutions during June 2018 as their fleet was in a state of disrepair and most of the vehicles reached it economical lifespan. On 20 July 2018, a "*price negotiation*" meeting was held between appointed service provider and the municipality. Several items were included in the original tender, were procured at prices above market values.
68. MFMA section 62(1)(a) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically. The municipality did not ensure that the resources of the municipality were used effectively, efficiently and economically procured during the price negotiations as goods and services were procured at above

market related values. There the municipality did not obtain value for money for the payments made. The non-compliance with MFMA section 62(1)(a) is therefore likely to result in a material financial loss for the municipality as the prices paid for the items that formed part of the original tender process was higher than the market price.

69. The accounting officer was notified of this material irregularity on 8 December 2021 and was invited to make a written submission on the actions that will be taken to address the matter. A response from the accounting officer was received on 11 January 2022. The accounting officer indicated that he completed the investigation process in line with MFMA section 32 and subsequently disciplinary steps have been taken against the Chair of the Bid Evaluation Committee and the Deputy Chief Financial Officer. The before mentioned officials were dismissed or they resigned, including the accounting officer responsible for concluding the contract. The contract with the service provider was terminated during August 2019 based upon a high court order, to prevent further financial loss. During August 2019, the accounting officer referred the matters to the HAWKS, while requesting National Treasury to support a forensic investigation into the above-mentioned contract. However, it is not practicable to determine when the legal process will be finalised due to the complex legal nature of the transaction.
70. I will follow up on the investigations and the implementation of the planned actions during my next audit

Status of previously reported material irregularities

Penalties paid as a result of late submission of VAT returns

71. The municipality incurred penalties of as a result of late submission of the November 2019 VAT return, which in contravention of section 28(1)(a) of the VAT Act. The non-compliance with section 28(1)(a) of the VAT Act has resulted in a material financial loss for the Rustenburg Local Municipality of R2 298 252 by 30 June 2020. The penalties paid is included in the fruitless and wasteful expenditure register of the municipality and in the fruitless and wasteful expenditure disclosed in note 52 to the financial statements.
72. The accounting officer was notified of this material irregularity on 16 March 2021 and was invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer has completed the investigation process in line with MFMA section 32 as per the unauthorised, irregular, fruitless and wasteful expenditure reduction plan to determine the responsible person, applicable consequence and determine the non/recovery and has referred the investigation report to the Municipal Public Accounts Committee during September 2021, as part of a transparent accountability process.
73. I will follow up on the investigation and the implementation of the planned actions during my next audit.

Other reports

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

Investigations

75. The Directorate for Priority Crime Investigation (DPCI) is investigating various cases of corruption and fraud relating to contracts awarded during 2013-14, 2017-18 and 2018-19. Those cases that were concluded were referred to the National Prosecution Authority (NPA) whilst the remainder investigations were still in progress at the date of the report.
76. The Directorate for Priority Crime Investigation (DPCI) was investigating various cases relating to fraud and procurement irregularities which occurred during 2012-13, 2015-16

and 2017-18. Three of the cases were referred to the National Prosecuting Authority (NPA) for prosecution and one case was still under investigation.

77. Three matters relating to alleged procurement irregularities was referred to the Directorate for Priority Crime Investigation (DPCI) for investigation. Although the DPCI was still in progress at the date of the this report they also referred to the cases to the National Prosecuting Authority (NPA).
78. An allegation of fraud that occurred in the 2016-17 financial year was referred to the Directorate for Priority Crime Investigation (DPCI) for investigation. These investigations were concluded and referred to the National Prosecuting Authority (NPA) for prosecution.
79. An allegation of fraud committed by officials of the municipality that occurred in 2014 was referred to the Directorate for Priority Crime Investigation (DPCI) for investigation. Criminal proceedings are underway.
80. An independent firm was appointed to perform a forensic audit on various SCM regulation 32 appointments by the municipality during 2016-17. The forensic investigations were finalised. Two of these investigations were subsequently referred to the Directorate for Priority Crime Investigation (DPCI). These investigations have been concluded and referred to the National Prosecuting Authority (NPA) for prosecution.
81. 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.

Auditor General

Rustenburg

03 March 2022



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 and on the municipality’s compliance with respect to the selected subject matters.

Financial statements

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

Communication with those charged with governance

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

6.2 ANNUAL FINANCIAL STATEMENTS OF RLM



Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2021

General Information

Legal form of entity	Municipality (MFMA) : Category B
Mayoral committee	
Executive Mayor	Khunou, M (Executive Mayor) Mabale-Huma, S (Speaker) Mokwele, L (Single-Whip)
Mayoral Committee Members	Xatasi, M (MMC: Community Development) Mashishi-Ntsime, J (MMC: Corporate Support Services) Kombe, O (MMC: Local Economic Development) Mhlungu, M (MMC: Technical and Infrastructure Services) Molubi, J (MMC: Planning and Human Settlement) Wolmarans, S (MMC: Integrated Development Planning) Babe, N (MMC: Special Projects) Kgaladi, L (MMC: Roads and Transport) Makhaula, V (MMC: Public Safety) Lekoro, B (MMC: Budget and Treasury)
Capacity	High Capacity
Accounting Officer	Makona, V
Chief Finance Officer (CFO)	Ditsele, G
Registered office	Missionary Mpheni House Cnr, Nelson Mandela & Beyers Naude Drives Rustenburg 0299

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2021

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

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

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2021

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 2022 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 109, which have been prepared on the going concern basis, were approved by the accounting officer on 19 October 2021.



Mr. Victor Makona
Municipal Manager

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Position as at 30 June 2021

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2021	2020 Restated*	2021	2020 Restated*
Assets					
Current Assets					
Inventories	12	35 129	30 395	35 129	30 395
Finance lease receivables	8	-	-	303	251
Operating lease asset	9	50	65	50	65
Receivables from exchange transactions	13&15	378 380	213 379	360 076	191 793
Receivables from non-exchange transactions	14&15	46 390	23 561	46 390	23 561
Cash and cash equivalents	16	506 025	622 220	411 333	552 189
		965 974	889 620	853 281	798 254
Non-Current Assets					
Investment property	3	146 733	157 159	146 733	157 159
Property, plant and equipment	4	8 945 415	8 951 181	8 372 097	8 351 991
Intangible assets	5	21	26	21	26
Heritage assets	6	1 374	1 374	1 374	1 374
Investments	7	814	775	815	776
Finance lease receivables	8	-	-	1 290	1 593
		9 094 357	9 110 515	8 522 330	8 512 919
Total Assets		10 060 331	10 000 135	9 375 611	9 311 173
Liabilities					
Current Liabilities					
Other financial liabilities	20	38 655	107 125	38 655	71 836
Finance lease obligation	18	-	4 871	-	4 871
Payables from exchange transactions	22	1 050 265	1 116 880	1 299 023	1 352 380
VAT payable	23	186 692	172 944	184 736	149 171
Consumer deposits	24	54 733	51 103	54 733	51 103
Employee benefit obligation	10	5 633	5 855	5 633	5 855
Unspent conditional grants and receipts	19	52 725	169 394	52 725	169 394
Provisions	21	129 245	127 428	129 245	127 428
		1 517 948	1 755 600	1 764 750	1 932 038
Non-Current Liabilities					
Other financial liabilities	20	312 965	367 715	312 965	348 253
Employee benefit obligation	10	148 962	136 780	148 962	136 780
Provisions	21	66 082	77 192	66 082	77 192
		528 009	581 687	528 009	562 225
Total Liabilities		2 045 957	2 337 287	2 292 759	2 494 263
Net Assets		8 014 374	7 662 848	7 082 852	6 816 910
Reserves					
Revaluation reserve	17	264 761	265 353	-	-
Accumulated surplus		7 749 613	7 397 495	7 082 852	6 816 910
Total Net Assets		8 014 374	7 662 848	7 082 852	6 816 910

* See Note 48

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Performance

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2021	2020 Restated*	2021	2020 Restated*
Revenue					
Revenue from exchange transactions					
Service charges	25	3 200 276	2 830 036	3 134 083	2 766 037
Rental of facilities and equipment	26	10 010	8 921	10 010	8 921
Interest received (trading)		352 927	375 330	352 927	375 330
Agency services		26 858	15 568	26 858	15 568
Licences and permits		2 760	6 678	2 760	6 678
Other income	27	40 311	14 100	16 516	14 100
Interest received - investment	28	19 809	30 633	17 250	24 495
Total revenue from exchange transactions		3 652 951	3 281 266	3 560 404	3 211 129
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	29	412 887	372 909	412 887	372 909
Transfer revenue					
Government grants & subsidies	31	1 308 925	1 218 705	1 308 925	1 218 705
Public contributions and donations		-	188 413	-	188 413
Fines, Penalties and Forfeits		16 284	11 140	16 284	11 140
Total revenue from non-exchange transactions		1 738 096	1 791 167	1 738 096	1 791 167
Total revenue		5 391 047	5 072 433	5 298 500	5 002 296
Expenditure					
Employee related costs	32	(774 567)	(767 890)	(769 951)	(762 142)
Remuneration of councillors	33	(60 406)	(55 957)	(60 406)	(55 957)
Depreciation and amortisation	34	(386 765)	(379 806)	(347 719)	(347 298)
Finance costs	36	(75 320)	(99 463)	(69 946)	(89 507)
Rentals		(4 063)	(12 298)	(4 063)	(12 298)
Bulk purchases	37	(2 462 358)	(2 053 386)	(2 622 596)	(2 189 958)
Contracted services	38	(175 797)	(222 613)	(175 797)	(222 613)
Transfers and Subsidies	30	(742)	(3 659)	(742)	(20 256)
General Expenses	39	(359 760)	(423 447)	(244 794)	(324 041)
Total expenditure		(4 299 778)	(4 018 519)	(4 296 014)	(4 024 070)
Operating surplus		1 091 269	1 053 914	1 002 486	978 226
Gain on disposal of assets and liabilities		10	6	-	-
Fair value adjustments	40	21	43	21	43
Actuarial gains/losses	10	19 519	(88 297)	19 519	(88 297)
Impairment loss	35	(759 030)	(451 038)	(756 082)	(450 773)
		(739 480)	(539 286)	(736 542)	(539 027)
Surplus for the year		351 789	514 628	265 944	439 199

* See Note 48

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2021

Statement of Changes in Net Assets

Figures in Rand Thousand	Revaluation reserve	Accumulated surplus	Total net assets
Economic entity			
Opening balance as previously reported	266 138	7 147 807	7 413 945
Adjustments			
Correction of errors	-	(264 941)	(264 941)
Balance at 01 July 2019 as restated*	266 138	6 882 866	7 149 004
Changes in net assets			
Surplus for the year - Previously reported	-	632 650	632 650
Impairment adjustment for the year	(477)	-	(477)
Revaluation surplus	(308)	-	(308)
Total changes	(785)	632 650	631 865
Restated balance before adjustments	265 353	7 515 516	7 780 869
Adjustments			
Correction of errors	-	(117 692)	(117 692)
Restated* Balance as at 01 July 2020 restated*	265 353	7 397 824	7 663 177
Changes in net assets			
Surplus for the year	-	351 789	351 789
Impairment adjustment for the year	(260)	-	(260)
Revaluation surplus	(332)	-	(332)
Total changes	(592)	351 789	351 197
Balance as at 30 June 2021	264 761	7 749 613	8 014 374
Note(s)	17		
Controlling entity			
Opening balance as previously reported	-	6 642 650	6 642 650
Adjustments			
Correction of errors	-	(264 941)	(264 941)
Balance as at 01 July 2019 restated*	-	6 377 709	6 377 709
Changes in net assets			
Surplus for the year - Previously reported	-	557 221	557 221
Total changes	-	557 221	557 221
Restated balance before adjustments	-	6 934 930	6 934 930
Adjustments			
Correction of errors	-	(118 022)	(118 022)
Balance as at 01 July 2020 restated*	-	6 816 908	6 816 908
Changes in net assets			
Surplus for the year	-	265 944	265 944
Total changes	-	265 944	265 944
Balance as at 30 June 2021	-	7 082 852	7 082 852

* See Note 48

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2021

Cash Flow Statement

Figures in Rand Thousand	Note(s)	Economic entity		Controlling entity	
		2021	2020 Restated*	2021	2020 Restated*
Cash flows from operating activities					
Receipts					
Sale of goods and services		2 674 611	2 317 848	2 605 387	2 263 845
Grants		1 308 925	1 218 705	1 308 925	1 218 705
Interest income		372 736	405 963	370 177	399 825
Other receipts		59 355	220 331	35 560	220 331
		4 415 627	4 162 847	4 320 049	4 102 706
Payments					
Employee costs		(832 844)	(828 407)	(828 228)	(822 659)
Suppliers		(3 135 602)	(2 273 697)	(3 145 799)	(2 252 680)
Finance costs		(11 837)	(19 005)	(11 837)	(19 005)
Other payments		(13 319)	(64 279)	(10 989)	(80 882)
		(3 993 602)	(3 185 388)	(3 996 853)	(3 175 226)
Net cash flows from operating activities	42	422 025	977 459	323 196	927 480
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(367 182)	(558 069)	(353 137)	(530 491)
Proceeds from sale of property, plant and equipment	4	497	1 679	497	1 679
Net cash flows from investing activities		(366 685)	(556 390)	(352 640)	(528 812)
Cash flows from financing activities					
Repayment of other financial liabilities		(123 220)	(30 688)	(68 469)	-
Realisation from other financial liabilities		-	-	-	502
Interest paid		(43 426)	(70 180)	(38 052)	(60 224)
Finance lease payments		(4 871)	(7 719)	(4 871)	(7 719)
Realisation / (Withdrawal) of financial assets		(18)	305	(20)	306
Net cash flows from financing activities		(171 535)	(108 282)	(111 412)	(67 135)
Net increase in cash and cash equivalents		(116 195)	312 787	(140 856)	331 533
Cash and cash equivalents at the beginning of the year		622 220	309 433	552 189	220 656
Cash and cash equivalents at the end of the year	16	506 025	622 220	411 333	552 189

* See Note 48

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand Thousand				
Economic entity				
Statement of Financial Performance				
Revenue				
Revenue from exchange transactions				
Service charges	3 279 986	3 200 276	(79 710)	60
Rental of facilities and equipment	10 498	10 010	(488)	60
Interest received (trading)	395 409	352 927	(42 482)	60
Agency services	100 849	26 858	(73 991)	60
Licences and permits	11 913	2 760	(9 153)	60
Other income	15 001	40 311	25 310	60
Interest received - investment	27 312	19 809	(7 503)	60
Total revenue from exchange transactions	3 840 968	3 652 951	(188 017)	
Revenue from non-exchange transactions				
Taxation revenue				
Property rates	398 240	412 887	14 647	60
Transfer revenue				
Government grants & subsidies	1 394 859	1 308 925	(85 934)	60
Fines, Penalties and Forfeits	9 000	16 284	7 284	60
Total revenue from non-exchange transactions	1 802 099	1 738 096	(64 003)	
Total revenue	5 643 067	5 391 047	(252 020)	
Expenditure				
Employee related costs	(799 309)	(774 567)	24 742	60
Remuneration of councillors	(64 306)	(60 406)	3 900	60
Depreciation and amortisation	(507 217)	(386 765)	120 452	60
Impairment loss	(898 087)	(759 030)	139 057	60
Finance costs	(43 959)	(75 320)	(31 361)	60
Rentals	-	(4 063)	(4 063)	60
Repairs and maintenance	(55 492)	(73 056)	(17 564)	60
Bulk purchases	(1 923 336)	(2 462 358)	(539 022)	60
Contracted Services	(439 462)	(175 797)	263 665	60
Transfers and Subsidies	(18 734)	(742)	17 992	60
General Expenses	(230 375)	(286 704)	(56 329)	60
Total expenditure	(4 980 277)	(5 058 808)	(78 531)	
Operating surplus	662 790	332 239	(330 551)	
Gain on disposal of assets	14 035	10	(14 025)	60
Fair value adjustments	-	21	21	60
Actuarial losses	-	19 519	19 519	60
	14 035	19 550	5 515	
Surplus / (Deficit) before taxation	676 825	351 789	(325 036)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	676 825	351 789	(325 036)	

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand thousand				
Controlling entity				
Statement of Financial Performance				
Revenue				
Revenue from exchange transactions				
Service charges	3 072 121	3 134 083	61 962	60
Rental of facilities and equipment	10 498	10 010	(488)	60
Interest received (trading)	395 409	352 927	(42 482)	60
Agency services	100 849	26 858	(73 991)	60
Licences and permits	11 913	2 760	(9 153)	60
Other income	15 001	16 516	1 515	60
Interest received - investment	20 225	17 250	(2 975)	60
Total revenue from exchange transactions	3 626 016	3 560 404	(65 612)	
Revenue from non-exchange transactions				
Taxation revenue				
Property rates	398 240	412 887	14 647	60
Transfer revenue				
Government grants & subsidies	1 394 859	1 308 925	(85 934)	60
Fines, Penalties and Forfeits	9 000	16 284	7 284	60
Total revenue from non-exchange transactions	1 802 099	1 738 096	(64 003)	
Total revenue	5 428 115	5 298 500	(129 615)	
Expenditure				
Employee related costs	(799 309)	(769 951)	29 358	60
Remuneration of councillors	(64 306)	(60 406)	3 900	60
Depreciation and amortisation	(469 177)	(347 719)	121 458	60
Impairment loss	(898 087)	(756 082)	142 005	60
Finance costs	(33 283)	(69 946)	(36 663)	60
Rentals	-	(4 063)	(4 063)	60
Repairs and maintenance	(55 492)	(63 060)	(7 568)	60
Bulk purchases	(1 923 336)	(2 622 596)	(699 260)	60
Contracted Services	(439 462)	(175 797)	263 665	60
Transfers and Subsidies	(18 734)	(742)	17 992	60
General Expenses	(113 843)	(181 734)	(67 891)	60
Total expenditure	(4 815 029)	(5 052 096)	(237 067)	
Operating surplus	613 085	246 404	(366 681)	
Gain on disposal of assets	14 035	-	(14 035)	60
Fair value adjustments	-	21	21	60
Actuarial losses	-	19 519	19 519	60
	14 035	19 540	5 505	
Surplus / (Deficit) before taxation	627 120	265 944	(361 176)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	627 120	265 944	(361 176)	

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2021

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.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

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 21 - 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 2021

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 owneroccupied property awaiting disposal.

The nature OR type of properties classified as held for strategic purposes are as follows:

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.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

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

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Plant and machinery	Straight line	2 - 15
Emergency equipment	Straight line	3 - 12
Land	Straight line	Indefinite

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

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

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

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

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

Bulk water assets - Rustenburg Water Services Trust.

The Trust maintains and acquires assets to provide a social service to the community, as well as to sell water to the surrounding mines. The useful lives and economic useful lives of these assets are equal. After the loan have been paid up, all assets will revert back to the parent municipality.

The Trust depreciate separately each part of an item of Property, Plant and Equipment that has a cost that is significant in relation to the total cost of the item. Cost of replacing a part are capitalised and the existing parts being replaced are derecognised. The assets were revalued on 30 June 2012 by an independent party. Fair values were determined by obtaining quotations for the different asset types and determining Depreciated Replacement Cost.

Depreciation on Bulk water assets - Rustenburg Service Trust is recorded by a charge to the income statement computed on a straight-line method to write off the cost of the assets over their remaining useful lives or the remaining period of the lease, to their residual values. The expected useful lives are as follows for this group of assets:

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

1.7 Intangible assets

An asset is identifiable if it either:

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

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

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.

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

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

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

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

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

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

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

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

Intangible assets are derecognised:

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

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

1.8 Heritage assets

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

Recognition

The economic entity recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the economic entity, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

The economic entity assess 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.

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Derecognition

The economic entity derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback)

1.9 Investments in controlled entities

Controlling entity consolidated annual financial statements

In the municipality's separate consolidated annual financial statements, investments in controlled entities are carried at costless any accumulated impairment.

The cost of an investment in controlled entity is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the municipality; plus
- any costs directly attributable to the purchase of the controlled entity.

1.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

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The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially 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 unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

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Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from Exchange Transactions	Financial asset measured at amortised cost
Receivables from Non-exchange Transactions	Financial asset measured at amortised cost
Cash and Cash Equivalents	Financial asset measured at fair value
Investments	Financial asset measured at fair value and cost
Guarantees	Financial asset measured at fair value

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Consumer Deposits	Financial liability measured at amortised cost
Payables from Exchange and Non-exchange Transactions	Financial liability measured at amortised cost
Long-term Liabilities	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

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Accounting Policies

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

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Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an economic entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity 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).

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Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.11 VAT

The Municipality is registered with SARS for VAT on the payments basis, in accordance with Section 15 of the Value-Added Tax Act. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position.

1.12 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.

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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.

1.13 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.

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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.

1.14 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used 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:

- the period of time over which an asset is expected to be used by the economic entity; or
- the number of production or similar units expected to be obtained from the asset by the economic entity.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

[Specify judgements made]

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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 assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.15 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

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Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

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

Useful life is either:

- the period of time over which an asset is expected to be used by the economic entity; or
- the number of production or similar units expected to be obtained from the asset by the economic entity.

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

[Specify judgements made]

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.

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Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the economic entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the economic entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The economic entity 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 amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.16 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

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Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity 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.

Accounting Policies

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.

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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.

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Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

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Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.17 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 surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

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The best estimate of the expenditure required to settle the present obligation is the amount that an entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgement of the management of the entity, supplemented by the experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this is unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 45 to enable users to determine the risk involved.

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A Contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

1.18 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.

1.19 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

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Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the economic entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the economic entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the economic entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

Rendering of services

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

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

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

Interest, royalties and dividends

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

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

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

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportion basis.

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

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

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

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

1.20 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.

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Accounting Policies

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 or 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 2021

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 recognises the full amount of revenue at the transaction date. Subsequent to initial recognition and measurement, the municipality assesses the collectability of the revenue and recognises 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.

Rustenburg Local Municipality

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Accounting Policies

Gifts and donations, including goods in-kind

Gifts and donations, including goods in-kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.21 Accounting by principals and agents

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

Identifying whether an entity is a principal or an agent

The assessment of whether an municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

1.22 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.

1.23 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.

1.24 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.

1.25 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.26 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.

Rustenburg Local Municipality

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Accounting Policies

1.27 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.

1.28 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.

1.29 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report.

1.30 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.

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.

1.31 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Rustenburg Local Municipality

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Accounting Policies

Management are those persons responsible for planning, directing and controlling the activities of the economic entity, including those charged with the governance of the economic entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the economic entity.

The economic entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the economic entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the economic entity is exempt from the disclosures in accordance with the above, the economic entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its consolidated annual financial statements.

1.32 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.

1.33 Service concession arrangements: Entity as grantor

Service concession arrangement is a contractual arrangement between a grantor and an operator in which an operator uses the services concession asset to provide a mandated function on behalf of a grantor for a specified period, where the operator is compensated for its services over the period of service concession arrangement.

Recognition of asset and liability

The entity recognises an asset provided by the operator and an upgrade to an existing asset of the entity, as a service concession asset if the entity controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price, and if the entity controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the asset at the end of the term of the arrangement. This applies to an asset used in a service concession arrangement for its entire economic life (a "whole-of-life" asset).

After initial recognition or reclassification, service concession assets are clearly identified from other assets within the same asset category, and are clearly identified from owned and/or leased assets.

Where the entity recognises a service concession asset, and the asset is not an existing asset of the entity (grantor), the entity (grantor) also recognises a liability.

The entity does not recognise a liability when an existing asset of the entity is reclassified as a service concession asset, except in circumstances where additional consideration is provided by the operator.

Measurement of asset and liability

The entity initially measures the service concession asset as follows:

- Where the asset is not an existing asset of the entity, the asset is measured at its fair value.
- Where the asset is an existing asset of the entity and it meets the recognition criteria of a service concession asset, the asset is reclassified as a service concession asset, and the asset is accounted for in accordance with the policy on Investment property, Property, plant and equipment, Intangible assets, or Heritage assets, as appropriate.

Rustenburg Local Municipality

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Accounting Policies

The entity initially measures the liability at the same amount as the service concession asset, adjusted by the amount of any other consideration from the entity to the operator, or from the operator to the entity.

1.34 Transitional provisions

Transitional provision for GRAP 108 Statutory Receivables

GRAP 108: Statutory receivables became effective in the current financial year. The Standard defines statutory receivables as receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

The municipality has two classes of receivables that meet the criteria of statutory receivables, being property rates which are levied in terms of the Municipal Property Rates Act and traffic fines imposed in terms of the Criminal Procedure Act. Property rates and traffic fines are currently disclosed as part of receivables from non-exchange transactions. These statutory receivables are initially and subsequently measured using the principles of GRAP 104: Financial instruments, which are consistent in all material respects with the measurement principles in GRAP 108.

The accounting policy on debtors has not been changed in respect of the classification and measurement of statutory receivables since the municipality has opted to apply the transitional provisions of Directive 3 in terms of not changing the classification and measurement of the debtors while the full implications of compliance with GRAP 108 is still under review. There are currently no statutory receivables classified and measured in accordance with GRAP 108.

The municipality will develop an accounting policy for statutory receivables, which we intend implementing during the 2022/23 financial year after having reviewed the impact of the classification, measurement and disclosure in terms of the information currently provided to stakeholders.

The exemption from applying the measurement requirements of the associated Standard of GRAP implies that any associated presentation and disclosure requirements need not be complied with.

Transitional provision for GRAP 110 Living Resources

GRAP 110: Living and Non-Living Resources became effective in the current financial year. The transitional provisions apply only to living resources. The Standard defines living resources as those resources that undergo biological transformation and includes living organisms that are used or held for:

- The delivery or provision of goods and services
- Research, conservation, recreation, agricultural activities, education or training and rehabilitation or breeding purposes

The municipality will develop an accounting policy for living resources, which we intend implementing during the 2022/23 financial year after having reviewed the impact of the classification, measurement and disclosure in terms of the information currently provided to stakeholders.

The exemption from applying the measurement requirements of the associated Standard of GRAP implies that any associated presentation and disclosure requirements need not be complied with.

1.35 Expenditure

Expenditure includes bulk purchases, contracted services, general expenses and lease rentals. Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets, other than those relating to distributions to owners.

Expenses are recognised in the period in which they are incurred.

1.36 Non living resources

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted. Nonliving resources, other than land, are not recognised as assets. Required information are disclosed in the notes to the annual financial statements.

Rustenburg Local Municipality

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

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 2021 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104 (amended): Financial Instruments	01 April 2009	Unlikely there will be a material impact
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2009	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2009	Unlikely there will be a material impact

3. Investment property

Economic entity	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	166 517	(19 784)	146 733	166 239	(9 080)	157 159

Controlling entity	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	166 517	(19 784)	146 733	166 239	(9 080)	157 159

Reconciliation of investment property - Economic entity - 2021

	Opening balance	Depreciation	Total
Investment property	157 159	(10 426)	146 733

Reconciliation of investment property - Economic entity - 2020

	Opening balance	Depreciation	Total
Investment property	166 239	(9 080)	157 159

Reconciliation of investment property - Economic entity - 2021

	Opening balance	Depreciation	Total
Investment property	157 159	(10 426)	146 733

Rustenburg Local Municipality

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

3. Investment property (continued)

Reconciliation of investment property - Controlling entity - 2021

	Opening balance	Depreciation	Total
Investment property	166 239	(9 080)	157 159

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 disposal

Rustenburg Local Municipality

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Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2021	2020	2021	2020

4. Property, plant and equipment

Economic entity	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1 610 384	-	1 610 384	1 606 044	-	1 606 044
Buildings	1 475 413	(1 205 047)	270 366	1 471 131	(1 152 797)	318 334
Plant and machinery	63 005	(52 008)	10 997	62 462	(48 598)	13 864
Furniture and fixtures	21 562	(19 005)	2 557	20 000	(18 221)	1 779
Motor vehicles	151 417	(65 006)	86 411	150 723	(53 017)	97 706
Office equipment	63 138	(40 986)	22 152	61 597	(36 448)	25 149
Bins and containers	1 838	(1 611)	227	1 838	(1 516)	322
Other	2 815	(2 775)	40	2 815	(2 678)	137
Electrical Equipment	16 662	-	16 662	11 322	-	11 322
Emergency Equipment	3 668	(3 573)	95	3 668	(3 523)	145
Specialised vehicles	88 943	(32 951)	55 992	88 943	(29 217)	59 726
Infrastructure - Sewerage	1 037 873	(607 241)	430 632	1 028 588	(579 649)	448 939
Infrastructure - Electricity	1 394 744	(693 110)	701 634	1 385 988	(655 197)	730 791
Infrastructure - Roads and Transport	6 480 224	(2 670 655)	3 809 569	6 439 863	(2 535 628)	3 904 235
Infrastructure - Water	1 413 932	(962 348)	451 584	1 369 567	(907 291)	462 276
Infrastructure - Work in progress	902 795	-	902 795	671 222	-	671 222
Rustenburg Water Services Trust Bulk Water Assets	1 252 899	(679 581)	573 318	1 243 174	(643 984)	599 190
Total	15 981 312	(7 035 897)	8 945 415	15 618 945	(6 667 764)	8 951 181

Controlling entity	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1 610 384	-	1 610 384	1 606 044	-	1 606 044
Buildings	1 475 413	(1 205 047)	270 366	1 471 131	(1 152 797)	318 334
Plant and machinery	63 005	(52 008)	10 997	62 462	(48 598)	13 864
Furniture and fixtures	21 562	(19 005)	2 557	20 000	(18 221)	1 779
Motor vehicles	151 417	(65 006)	86 411	150 723	(53 017)	97 706
Office equipment	63 138	(40 986)	22 152	61 597	(36 448)	25 149
Bins and containers	1 838	(1 611)	227	1 838	(1 516)	322
Other	2 815	(2 775)	40	2 815	(2 678)	137
Electrical Equipment	16 662	-	16 662	11 322	-	11 322
Emergency Equipment	3 668	(3 573)	95	3 668	(3 523)	145
Specialised vehicles	88 943	(32 951)	55 992	88 943	(29 217)	59 726
Infrastructure - Sewerage	1 037 873	(607 241)	430 632	1 028 588	(579 649)	448 939
Infrastructure - Electricity	1 394 744	(693 110)	701 634	1 385 988	(655 197)	730 791
Infrastructure - Roads and Transport	6 480 224	(2 670 655)	3 809 569	6 439 863	(2 535 628)	3 904 235
Infrastructure - Water	1 413 932	(962 348)	451 584	1 369 567	(907 291)	462 276
Infrastructure - Work in progress	902 795	-	902 795	671 222	-	671 222
Total	14 728 413	(6 356 316)	8 372 097	14 375 771	(6 023 780)	8 351 991

Rustenburg Local Municipality

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Notes to the Consolidated Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic entity - 2021

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	1 606 044	4 340	-	-	-	-	-	1 610 384
Buildings	318 334	4 282	-	-	-	(52 250)	-	270 366
Plant and machinery	13 864	543	-	-	-	(3 410)	-	10 997
Furniture and fixtures	1 779	1 562	-	-	-	(784)	-	2 557
Motor vehicles	97 706	1 089	(396)	-	-	(11 988)	-	86 411
Office equipment	25 149	1 641	(101)	-	-	(4 537)	-	22 152
Bins and containers	322	-	-	-	-	(95)	-	227
Other	137	-	-	-	-	(97)	-	40
Electrical Equipment	11 322	-	-	-	5 340	-	-	16 662
Emergency Equipment	145	-	-	-	-	(50)	-	95
Specialised vehicles	59 726	-	-	-	-	(3 734)	-	55 992
Infrastructure - Sewerage	448 939	9 285	-	-	-	(27 592)	-	430 632
Infrastructure - Electricity	730 791	8 756	-	-	-	(37 913)	-	701 634
Infrastructure - Roads and Transport	3 904 235	40 361	-	-	-	(135 027)	-	3 809 569
Infrastructure - Water	462 276	44 365	-	-	-	(55 057)	-	451 584
Work in progress	671 222	339 456	-	(107 883)	-	-	-	902 795
Rustenburg Water Trust Bulk Water Assets	599 190	14 045	-	-	-	(39 046)	(871)	573 318
	8 951 181	469 725	(497)	(107 883)	5 340	(371 580)	(871)	8 945 415

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Notes to the Consolidated Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic entity - 2020

	Opening balance	Additions	Disposals	Transfers	
Land	1 418 061	188 413	(430)	-	m
Buildings	363 191	15 895	-	-	-
Plant and machinery	17 160	533	(23)	-	-
Furniture and fixtures	2 748	-	-	-	-
Motor vehicles	110 318	-	(525)	-	-
Office equipment	27 236	2 404	(125)	-	-
Bins and containers	438	-	-	-	-
Other	285	-	-	-	-
Electrical Equipment	27 080	-	-	-	-
Emergency Equipment	201	-	-	-	-
Specialised vehicles	61 076	3 509	(576)	-	-
Infrastructure - Sewerage	463 836	12 420	-	-	-
Infrastructure - Electricity	719 940	48 536	-	-	-
Infrastructure - Roads and Transport	3 596 962	397 733	-	-	-
Infrastructure - Water	473 553	57 428	-	-	-
Work in progress	851 844	351 390	-	(532 012)	-
Rustenburg Water Trust Bulk Water Assets	605 169	27 272	-	-	-
	8 739 098	1 105 533	(1 679)	(532 012)	

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Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic entity - 2021

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Total
Land	1 606 044	4 340	-	-	-	-	1 610 384
Buildings	318 334	4 282	-	-	-	(52 250)	270 366
Plant and machinery	13 864	543	-	-	-	(3 410)	10 997
Furniture and fixtures	1 779	1 562	-	-	-	(784)	2 557
Motor vehicles	97 706	1 089	(396)	-	-	(11 988)	86 411
Office equipment	25 149	1 641	(101)	-	-	(4 537)	22 152
Bins and containers	322	-	-	-	-	(95)	227
Other	137	-	-	-	-	(97)	40
Electrical Equipment	11 322	-	-	-	5 340	-	16 662
Emergency Equipment	145	-	-	-	-	(50)	95
Specialised vehicles	59 726	-	-	-	-	(3 734)	55 992
Infrastructure - Sewerage	448 939	9 285	-	-	-	(27 592)	430 632
Infrastructure - Electricity	730 791	8 756	-	-	-	(37 913)	701 634
Infrastructure - Roads and Transport	3 904 235	40 361	-	-	-	(135 027)	3 809 569
Infrastructure - Water	462 276	44 365	-	-	-	(55 057)	451 584
Work in progress	671 222	339 456	-	(107 883)	-	-	902 795
	8 351 991	455 680	(497)	(107 883)	5 340	(332 534)	8 372 097

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Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2021

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Total
Land	1 418 061	188 413	(430)	-	-	-	1 606 044
Buildings	363 191	15 895	-	-	-	(60 752)	318 334
Plant and machinery	17 160	533	(23)	-	-	(3 806)	13 864
Furniture and fixtures	2 748	-	-	-	-	(969)	1 779
Motor vehicles	110 318	-	(525)	-	-	(12 087)	97 706
Office equipment	27 236	2 404	(125)	-	-	(4 366)	25 149
Bins and containers	438	-	-	-	-	(116)	322
Other	285	-	-	-	-	(148)	137
Electrical Equipment	27 080	-	-	-	(15 758)	-	11 322
Emergency Equipment	201	-	-	-	-	(56)	145
Specialised vehicles	61 076	3 509	(576)	-	-	(4 283)	59 726
Infrastructure - Sewerage	463 836	12 420	-	-	-	(27 317)	448 939
Infrastructure - Electricity	719 940	48 536	-	-	-	(37 685)	730 791
Infrastructure - Roads and Transport	3 596 962	397 733	-	-	-	(90 460)	3 904 235
Infrastructure - Water	473 553	57 428	-	-	-	(68 705)	462 276
Infrastructure - Work in progress	851 844	351 390	-	(532 012)	-	-	671 222
	8 133 929	1 078 261	(1 679)	(532 012)	(15 758)	(310 750)	8 351 991

Rustenburg Local Municipality

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Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2021	2020	2021	2020
4. Property, plant and equipment (continued)				
Property, plant and equipment in the process of being constructed or developed				
Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected				
Upgrading of the bulk sewer lines to the WWTW (Western Area)	6 992	13 547	6 992	13 547
[Project suspended due to non performance by the contractor]				
Boschdal Water Supply (Infra, Water)	2 231	2 231	2 231	2 231
[Project suspended due to non performance by the contractor]				
Fleet Services	16 745	17 095	16 745	17 095
[Contract under litigation]				
Marikana Waste Transfer Station - Construction R (Land & Bld, Solid waste fac)	39 096	39 096	39 096	39 096
[Contract terminated due to non performance by the contractor]	-	-	-	-
Motor City Substation - Phase 2 (Infr, Elec)	13 137	13 137	13 137	13 137
[Project delays due to contractual disagreements]	-	-	-	-
Rustenburg - (Incl - Extensions) Replacement Of Water Ac Pipes (Infra, Water)	21 470	21 470	21 470	21 470
[Project delays due to contractual disagreements]	-	-	-	-
Rtb & Extensions - Upgrading Of Water Meters And Aged Connections (Infra, Water)	16 057	15 241	16 057	15 241
[Project delays due to contractual disagreements]	-	-	-	-
Waterkloof Substation-Inter Connection To New Eskom Switching Station , (Infra)	48 003	48 940	48 003	48 940
[Project delays due to contractual disagreements]	-	-	-	-
Construction of RRT Station - Contractor A (Land & Bld, Comm)	273 791	168 251	273 791	168 251
Bospoort Water Treatment Works	48 585	48 585	-	-
[Slow progress on the procurement process of the mechanical and electrical contract]				
	486 107	387 593	437 522	339 008

Expenditure incurred to repair and maintain property, plant and equipment

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

Buildings	6 726	15 058	6 726	15 058
Infrastructure - Electricity	25 920	60 495	25 920	60 495
Infrastructure - Roads	23 807	8 879	23 807	8 879
Infrastructure - Sewerage	1 230	662	1 230	662
Infrastructure - Water	-	15 638	-	15 638
Office Equipment	5 377	7 230	5 377	7 230
Rustenburg Water Services Trust Bulk Water Assets	9 996	6 773	-	-
	73 056	114 735	63 060	107 962

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.

Rustenburg Local Municipality

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

5. Intangible assets

Economic entity	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	52	(31)	21	52	(26)	26

Controlling entity	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	52	(31)	21	52	(26)	26

Reconciliation of intangible assets - Economic entity - 2021

	Opening balance	Amortisation	Total
Computer software, other	26	(5)	21

Reconciliation of intangible assets - Economic entity - 2020

	Opening balance	Amortisation	Total
Computer software, other	34	(8)	26

Reconciliation of intangible assets - Economic entity - 2021

	Opening balance	Amortisation	Total
Computer software, other	26	(5)	21

Reconciliation of intangible assets - Controlling entity - 2021

	Opening balance	Amortisation	Total
Computer software, other	34	(8)	26

Other information

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance.

All of the municipality's Intangible Assets are held under freehold interest and no intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

Rustenburg Local Municipality

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

6. Heritage assets

Economic entity	2021			2020		
	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
Hand Drawn Field Ambulance	5	-	5	5	-	5
Jewellery	119	-	119	119	-	119
Total	1 374	-	1 374	1 374	-	1 374

Controlling entity	2021			2020		
	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
Hand Drawn Field Ambulance	5	-	5	5	-	5
Jewellery	119	-	119	119	-	119
Total	1 374	-	1 374	1 374	-	1 374

Reconciliation of heritage assets Economic entity - 2021

	Opening balance	Total
Ox Wagon	150	150
Historical statue	1 100	1 100
Hand Drawn Field Ambulance	5	5
Jewellery	119	119
	1 374	1 374

Reconciliation of heritage assets Economic entity - 2020

	Opening balance	Total
Ox Wagon	150	150
Historical statue	1 100	1 100
Hand Drawn Field Ambulance	5	5
Jewellery	119	119
	1 374	1 374

Reconciliation of heritage assets Economic entity - 2021

	Opening balance	Total
Ox Wagon	150	150
Historical statue	1 100	1 100
Hand Drawn Field Ambulance	5	5
Jewellery	119	119
	1 374	1 374

Rustenburg Local Municipality

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	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

6. Heritage assets (continued)

Reconciliation of heritage assets Controlling entity - 2021

	Opening balance	Total
Ox Wagon	150	150
Historical statue	1 100	1 100
Hand Drawn Field Ambulance	5	5
Jewellery	119	119
	1 374	1 374

7. Investments

Name of company	Held by	Carrying amount 2021	Carrying amount 2020	Carrying amount 2021	Carrying amount 2020
Listed Shares - Sanlam		814	775	814	775
Unlisted - Municipal Entity		-	-	1	1
		814	775	815	776

Detail

Market value of listed investments is R814; (2020: R775).

8. Finance lease receivables

Present value of minimum lease payments due

- within one year	-	-	303	251
- in second to fifth year inclusive	-	-	1 290	1 593
	-	-	1 593	1 844
Non-current assets	-	-	1 290	1 593
Current assets	-	-	303	251
	-	-	1 593	1 844

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	50	65	50	65
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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:

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2021	2020	2021	2020
9. Operating lease asset (liability) (continued)				
Balance at beginning of year	65	78	65	78
Operating Lease Revenue recorded	(15)	(13)	(15)	(13)
	50	65	50	65
Up to 1 year	34	31	34	31
2 to 5 years	46	80	46	80
	80	111	80	111

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 R15 (2020: R13)

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

Rustenburg Local Municipality

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

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 2021 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	1 377	1 293	1 377
In-service Non-members (Employees)	355	411	355	411
Continuation Members (Retirees, widowers and orphans)	126	124	126	124
	1 774	1 912	1 774	1 912

The liability in respect of past

	154 596	142 635	154 596	142 635
In-service Members	90 688	80 621	90 688	80 621
Continuation Members	3 375	58 398	3 375	58 398
In-service: Non members	60 533	3 616	60 533	3 616

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

- Bonitas
- Hosmed
- Keyhealth
- LA Health
- Samwumed

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

Carrying value

Present value of the defined benefit obligation	(154 595)	(142 635)	(154 595)	(142 635)
Non-current liabilities	(148 962)	(136 780)	(148 962)	(136 780)
Current liabilities	(5 633)	(5 855)	(5 633)	(5 855)
	(154 595)	(142 635)	(154 595)	(142 635)

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

Opening balance	142 635	96 711	142 635	96 711
Benefits paid	(5 846)	(5 511)	(5 846)	(5 511)
Net (income) / expense recognised in the statement of financial performance	17 806	51 435	17 806	51 435
	154 595	142 635	154 595	142 635

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020
10. Employee benefit obligations (continued)				
Net (income)/expense recognised in the statement of financial performance				
Current service cost	6 588	1 925	6 588	1 925
Interest cost	14 635	8 353	14 635	8 353
Actuarial (gains) losses	(3 417)	41 157	(3 417)	41 157
	17 806	51 435	17 806	51 435

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	10,10 %	10,47 %	10,10 %	10,47 %
Health Care Cost Inflation Rate	6,84 %	6,52 %	6,84 %	6,52 %
Net Effective Discount Rate - Health care cost inflation	3,05 %	3,71 %	3,05 %	3,71 %
Maximum Subsidy Inflation Rate	4,76 %	4,52 %	4,76 %	4,52 %
Net Effective Discount Rate - Maximum subsidy inflation rate	5,10 %	5,70 %	5,10 %	5,70 %

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 10.10% per annum has been used. The corresponding index-linked yield at this term is 4.05%. 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 30 June 2021.

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	62	62	62	62
Expected Retirement Age - Male	62	62	62	62
	-	-	-	-

Rustenburg Local Municipality

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

10. Employee benefit obligations (continued)

Other assumptions

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

	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021
Accrued liability	88 483	89 771	96 711	142 636	154 596
Actuarial Gains / (Losses)	6 619	3 461	(2 490)	(41 157)	3 417
	-	-	-	-	-

Sensitivity Analysis on Current-service and interest cost for the year ending 30 June 2021	Current-service cost	Interest cost	Total
Central Assumptions	6 588	14 635	21 223
Health care inflation (+1%)	7 400	15 792	23 192
Health care inflation (-1%)	5 602	13 233	18 835
Discount rate (+1%)	5 482	14 060	19 542
Discount rate (-1%)	8 019	15 262	23 281
Post-retirement mortality (-1 years)	6 738	15 024	21 762
Average retirement age (-1 year)	7 171	15 496	22 667
Continuation of membership at retirement	5 417	13 038	18 455
	-	-	-

Sensitivity Analysis on the Accrued Liability - Assumptions & Change for the year ending 30 June 2021	In-service	Retired	Total
Central Assumptions	-	94 063	60 533
Health care inflation (+1%)	-	103 629	62 594
Health care inflation (-1%)	-	82 133	57 821
Discount rate (+1%)	-	78 835	55 973
Discount rate (-1%)	-	113 616	65 817
Post-retirement mortality (+1 years)	-	91 790	58 554
Average retirement age (-1 years)	-	103 022	60 533
Continuation of membership at retirement (-10%)	-	80 477	60 533
	-	-	-

Expected contributions for the year ending 30 June 2022

Opening balance	154 596
Estimate - benefits to be paid	(5 633)
Estimate - Net (income) / expense	<u>22 698</u>
Estimate Balance - 30 June 2022	171 661

Rustenburg Local Municipality

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Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2021	2020	2021	2020

11. Multi-Employer Retirement Benefit Information

Some councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds are described below.

These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

The Municipal Councillors Funds and the Municipal Gratuity Fund are defined contribution plans. All of these afore-mentioned funds are multi-employer plans. Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons: -

- 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 (minimum of 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 (7.50% or 9.00%) and Council (18.00%) is sufficient to fund the benefits accruing from the fund in the future.

Municipal Employees Pension Fund:

The Municipal Employees Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (7.5%) and Council (15.00% 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	10 183	5 291	10 183	5 291
Water	447	605	447	605
Unsold Properties Held for Resale	24 499	24 499	24 499	24 499
	35 129	30 395	35 129	30 395

Consumables stores consists of maintenance materials and spare parts.

13. Receivables from exchange transactions

Prepaid expenses	48 950	48 886	48 886	48 886
Consumer debtors - Electricity	233 612	49 543	233 612	49 543
Consumer debtors - Water	43 228	68 479	24 988	46 893
Consumer debtors - Sewerage	8 621	2 329	8 621	2 329
Consumer debtors - Refuse	8 110	4 421	8 110	4 421
Consumer debtors - Other	35 859	39 721	35 859	39 721
	378 380	213 379	360 076	191 793

Fair value of trade and other receivables

Trade and other receivables	378 380	213 379	360 076	191 793
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Rustenburg Local Municipality

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

13. Receivables from exchange transactions (continued)

Receivables from exchange transactions past due but not impaired

At 30 June 2021, R15 834 (2020: R77 687) were past due but not impaired.

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

2 months past due	15 834	77 687	15 834	77 687
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Trade and other receivables impaired

As of 30 June 2021, Receivables from exchange transactions of R5 589 283 (2020: R4 804 758) were impaired and provided for.

14. Receivables from non-exchange transactions

Fines	13 010	12 002	13 010	12 002
Sundry Debtors	4 785	4 785	4 785	4 785
Insurance Claims	694	694	694	694
Consumer debtors - Rates	27 901	6 080	27 901	6 080
	46 390	23 561	46 390	23 561
Gross Balance - Fines	21 831	13 685	21 831	13 685
Allowance for Impairment - Fines	(8 821)	(1 683)	(8 821)	(1 683)
Net Balance - Fines	13 010	12 002	13 010	12 002

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 2021, R2 013 (2020: R8 252) were past due but not impaired.

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

2 months past due	2 013	8 252	2 013	8 252
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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.

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	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

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. Consumer debtors disclosure

Gross balances

Consumer debtors - Rates	462 531	375 412	462 531	375 412
Consumer debtors - Electricity	1 001 614	693 660	1 001 614	693 660
Consumer debtors - Water	1 846 929	1 594 792	1 828 689	1 573 206
Consumer debtors - Sewerage	489 481	412 588	489 481	412 588
Consumer debtors - Refuse	523 183	443 392	523 183	443 392
Consumer debtors - Other	2 057 526	1 824 819	2 057 526	1 824 819
	6 381 244	5 344 663	6 363 004	5 323 077

Less: Allowance for impairment

Consumer debtors - Rates	(434 630)	(369 332)	(434 630)	(369 332)
Consumer debtors - Electricity	(768 002)	(644 117)	(768 002)	(644 117)
Consumer debtors - Water	(1 803 701)	(1 526 313)	(1 803 701)	(1 526 313)
Consumer debtors - Sewerage	(480 840)	(410 259)	(480 840)	(410 259)
Consumer debtors - Refuse	(515 073)	(438 971)	(515 073)	(438 971)
Consumer debtors - Other	(2 021 667)	(1 785 098)	(2 021 667)	(1 785 098)
	(6 023 913)	(5 174 090)	(6 023 913)	(5 174 090)

Net balance

Consumer debtors - Rates	27 901	6 080	27 901	6 080
Consumer debtors - Electricity	233 612	49 543	233 612	49 543
Consumer debtors - Water	43 228	68 479	24 988	46 893
Consumer debtors - Sewerage	8 621	2 329	8 621	2 329
Consumer debtors - Refuse	8 110	4 421	8 110	4 421
Consumer debtors - Other	35 859	39 721	35 859	39 721
	357 331	170 573	339 091	148 987

Rates

Current (0 -30 days)	19 583	1 592	19 583	1 592
31 - 60 days	6 305	1 235	6 305	1 235
61 - 90 days	2 013	973	2 013	973
> 90 days	-	2 280	-	2 280
	27 901	6 080	27 901	6 080

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	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020
15. Consumer debtors disclosure (continued)				
Electricity				
Current (0 -30 days)	198 331	25 987	198 331	25 987
31 - 60 days	24 784	7 714	24 784	7 714
61 - 90 days	10 497	15 842	10 497	15 842
	233 612	49 543	233 612	49 543
Water				
Current (0 -30 days)	33 197	34 028	14 957	12 442
31 - 60 days	7 094	3 740	7 094	3 740
61 - 90 days	2 937	1 228	2 937	1 228
> 90 days	-	29 483	-	29 483
	43 228	68 479	24 988	46 893
Sewerage				
Current (0 -30 days)	5 459	1 084	5 459	1 084
31 - 60 days	2 182	517	2 182	517
61 - 90 days	980	325	980	325
> 90 days	-	403	-	403
	8 621	2 329	8 621	2 329
Refuse				
Current (0 -30 days)	5 253	953	5 253	953
31 - 60 days	2 035	439	2 035	439
61 - 90 days	822	271	822	271
> 90 days	-	2 758	-	2 758
	8 110	4 421	8 110	4 421
Other				
Current (0 -30 days)	35 033	6 536	35 033	6 536
31 - 60 days	228	3 647	228	3 647
61 - 90 days	598	1 890	598	1 890
> 90 days	-	27 648	-	27 648
	35 859	39 721	35 859	39 721

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Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

15. Consumer debtors disclosure (continued)

Summary of debtors by customer classification

Consumers				
Current (0 -30 days)	82 901	157 108	82 901	157 108
31 - 60 days	113 946	118 097	113 946	118 097
61 - 90 days	98 382	87 402	98 382	87 402
> 90 days	5 270 681	4 452 433	5 270 681	4 452 433
	5 565 910	4 815 040	5 565 910	4 815 040
Less: Allowance for impairment	(5 489 859)	(4 737 111)	(5 489 859)	(4 737 111)
	76 051	77 929	76 051	77 929
Industrial/ commercial				
Current (0 -30 days)	407 700	134 568	292 585	112 982
31 - 60 days	27 605	27 605	39 192	27 605
61 - 90 days	34 799	34 799	22 487	34 799
> 90 days	191 070	191 070	288 670	191 070
	661 174	388 042	642 934	366 456
Less: Allowance for impairment	(385 519)	(304 994)	(385 519)	(304 994)
	275 655	83 048	257 415	61 462
National and provincial government				
Current (0 -30 days)	4 852	6 766	4 852	6 766
31 - 60 days	6 116	5 143	6 116	5 143
61 - 90 days	4 027	2 790	4 027	2 790
> 90 days	139 165	126 882	139 165	126 882
	154 160	141 581	154 160	141 581
Less: Allowance for impairment	(148 535)	(131 985)	(148 535)	(131 985)
	5 625	9 596	5 625	9 596

16. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	13	13	13	13
Bank balances	482 909	545 022	388 217	530 250
Short-term deposits	23 103	77 185	23 103	21 926
	506 025	622 220	411 333	552 189

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 values.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

16. Cash and cash equivalents (continued)

The economic entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2021	30 June 2020	30 June 2019	30 June 2021	30 June 2020	30 June 2019
Primary Bank Account - ABSA - Main Branch Rustenburg - Account Number 1220000458	34 985	19 297	29 712	70 721	62 833	(200 675)
Landfill Bank Account - ABSA - Account Number 4093972008	1 837	1 174	623	1 837	1 174	623
Housing Bank Account - ABSA - Main Branch Rustenburg - 4054617192	2 339	136 117	50 283	2 339	136 117	50 283
Reserves Bank Account - ABSA - Main Branch Rustenburg - 9330627743	36 579	34 362	100 878	36 217	34 118	100 878
Deposits Bank Account - ABSA - Main Branch Rustenburg - 9330627793	820	796	676	818	794	676
Conditional Grants Bank Account - ABSA - Main Branch Rustenburg - 9330627858	231 271	284 167	115 899	230 603	283 181	115 899
Traffic Fines Bank Account - ABSA - Main Branch Rustenburg - 4050672659	45 689	12 033	23 243	45 682	12 033	23 243
Distribution Reserve Account - ABSA - Account number 4061024001	22 830	5 917	52	22 830	5 917	52
Distribution Call Account - ABSA - Account number 4077517288	71 862	8 855	48	71 862	8 855	48
Debt Service Reserve Account - ABSA - Account number 4061023877	-	-	35	-	-	35
Contingent Reserve Account - ABSA - Account number 4061024116	-	-	6	-	-	6
Industrial Reserve Account - ABSA - Account number 4061024051	-	-	1	-	-	1
ABSA - Main Branch Rustenburg - 4071196779	-	-	-	-	-	-
Total	448 212	502 718	321 456	482 909	545 022	91 069

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020
Absa Call Account	692	332	692	332
Absa	5 667	60 590	5 667	5 331
Standard Bank	583	575	583	575
Kagiso Asset Management	6 656	6 489	6 656	6 489
Sanlam	8 915	8 609	8 915	8 609
Absa Guarantee Deposits	590	590	590	590
Total	23 103	77 185	23 103	21 926

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

16. Cash and cash equivalents (continued)

Guarantees

Guarantees reflected above in the Guarantee deposit of ABSA to the value of R590 (2020:R590) are ceded in favour of third parties.

Financial Guarantee R2 163

Financial Guarantee - (Local Documented Product - Guarantees) R26 782

Facilities

Leases (Full maintenance lease) R200 000

17. Revaluation reserve

Opening balance	265 353	266 138	-	-
Impairment adjustment for the year	(260)	(477)	-	-
Revaluation Surplus	(332)	(308)	-	-
	264 761	265 353	-	-

18. Finance lease obligation

Minimum lease payments due

- within one year	-	4 871	-	4 871
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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 entered into a new lease agreement for copiers in June 2021. However delivery did not take place at the end of the financial year. Therefore the lease was not capitalised at 30 June 2021.

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 2021

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

19. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts				
National Government Grants - Municipal Infrastructure Grant (MIG)	26 385	5 414	26 385	5 414
Provincial Government Grants - Department of Sports, Arts and Culture (DSAC Library)	2 355	2 917	2 355	2 917
Provincial Government Grants - COGTA	2 017	2 017	2 017	2 017
Provincial Government Grants - Extended Public Works Programme (EPWP)	990	-	990	-
Provincial Government Grants - LG Seta	2 122	2 165	2 122	2 165
Other: EEDG	2 698	-	2 698	-
National Government Grants - Public Transport Network Grant (PTNG)	7 211	125 856	7 211	125 856
National Government Grants - Municipal Water Infrastructure Grant (MWIG)	4 698	6 589	4 698	6 589
National Government Grants - Integrated National Electrification Programme (INEP)	411	6 720	411	6 720
National Government Grants - Neighbourhood Development Programme (NDP)	3 838	17 716	3 838	17 716
	52 725	169 394	52 725	169 394

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

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2021	2020	2021	2020
20. Other financial liabilities				
At amortised cost				
INCA	20 006	25 084	20 006	25 084
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%				
ABSA Loan 30-1798-1971	-	2 059	-	2 059
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%				
ABSA Loan 30-1798-2317	3 131	6 041	3 131	6 041
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%				
ABSA Loan 30-2236-2516	2 993	7 932	2 993	7 932
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%				
DBSA Loan 61007193	212 666	249 036	212 666	249 036
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%				
DBSA Loan 61007264	112 824	129 937	112 824	129 937
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%				
ABSA Loan	-	54 751	-	-
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%				
	351 620	474 840	351 620	420 089
Total other financial liabilities	351 620	474 840	351 620	420 089
Non-current liabilities				
At amortised cost	312 965	367 715	312 965	348 253
Current liabilities				
At amortised cost	38 655	107 125	38 655	71 836

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.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

21. Provisions

Reconciliation of provisions - Economic entity - 2021

	Opening Balance	Reversed during the year	Total
Environmental rehabilitation	128 071	-	128 071
Long Service Awards	76 549	(9 293)	67 256
	204 620	(9 293)	195 327

Reconciliation of provisions - Economic entity - 2020

	Opening Balance	Additions	Total
Environmental rehabilitation	127 935	136	128 071
Long Service Awards	28 457	48 092	76 549
	156 392	48 228	204 620

Reconciliation of provisions - Economic entity - 2021

	Opening Balance	Reversed during the year	Total
Environmental rehabilitation	128 071	-	128 071
Long Service Awards	76 549	(9 293)	67 256
	204 620	(9 293)	195 327

Reconciliation of provisions - Controlling entity - 2021

	Opening Balance	Additions	Total
Environmental rehabilitation	127 935	136	128 071
Long Service Awards	28 457	48 092	76 549
	156 392	48 228	204 620

Non-current liabilities	66 082	77 192	66 082	77 192
Current liabilities	129 245	127 428	129 245	127 428
	195 327	204 620	195 327	204 620

Environmental rehabilitation provision

In terms of the licensing of the landfill refuse sites, the municipality will incur licensing and rehabilitation costs of R120 196 to restore the site at the end of its useful life, estimated to be 28 years for the Waterval landfill site. An inflation rate of 3.29% 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 11.29% was used in determining the Net Present Value.

There has been no change to the licence conditions to any of the municipality's landfill sites from the previous reporting period with Waterval being the only operational landfill site. After careful consideration of the cost implications involved with procuring these specialised services and considering that the 2019/20 contribution expense was only R137, the municipality decided not to procure these services for the year under review. Accordingly the landfill closure provision are carried at the 2019/20 cost estimates. Management is of the view that there are no material changes to the landfill closure provisions from the previous reporting period.

Long Service Awards

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

21. Provisions (continued)

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable to employees after 10 years of continuous service, and every 5 years of continuous service from 10 years of service to 45 years of service. The provision is an estimate of the long service based on historical staff turnover. Additional cash/gifts are awarded to employees for levels of past service per the LSA policy.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried at 30 June 2021 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 2021:

Discount rate - 9.27%
General salary inflation - 5.79%
Net discount rate - 3.29%

The principal assumptions used for the purposes of the actuarial valuations were as follows for the year ended 30 June 2020:

Discount rate - 7.54%
General salary inflation - 4.07%
Net discount rate - 3.33%

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

GRAP 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the post employment liabilities should be used.

Consequently, a discount rate of 9.27% per annum has been used. This yield was obtained by calculating the duration of the liability and then taking the yield from the yield curve at that duration using an iterative process (because the yield depends on the duration, which in turn depends on the liability). The corresponding liability-weighted index-linked yield is 3.80%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 30 June 2021.

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

Expected Retirement Age - Females	62	62	62	62
Expected Retirement Age - Males	62	62	62	62
	-	-	-	-

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

Balance at the beginning of the year	76 549	28 457	76 549	28 457
Current service cost	7 056	2 259	7 056	2 259
Interest cost	5 422	1 926	5 422	1 926
Actuarial losses / (gains)	(16 101)	47 139	(16 101)	47 139
Employer Benefit Vesting	(5 671)	(3 232)	(5 671)	(3 232)
Present Value of Fund Obligation at the end of the Year	67 255	76 549	67 255	76 549

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

Present value of unfunded obligations	67 255	76 549	67 255	76 549
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Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

21. Provisions (continued)

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

Current service cost	7 056	2 259	7 056	2 259
Interest cost	5 422	1 926	5 422	1 926
Actuarial losses / (gains)	(16 101)	47 139	(16 101)	47 139
Post-Retirement Benefit included in Statement of Financial Performance	(3 623)	51 324	(3 623)	51 324

History of Liability	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021
Accrued Liability	43 271	48 159	28 457	76 549	67 255
Actuarial Gains / (Losses)	1 809	(154)	26 937	(47 139)	16 101
	-	-	-	-	-

Sensitivity Analysis on Current-service and interest Costs for the year ending 30 June 2021 - Assumptions and Change

		Current-service cost	Interest cost	Total
General assumptions	-	7 056	5 422	12 478
General salary inflation (+1%)	-	7 679	5 812	13 491
General salary inflation (-1%)	-	6 500	5 069	11 569
Discount rate (+1%)	-	6 553	5 733	12 286
Discount rate (-1%)	-	7 628	5 054	12 682
Average retirement age (+2yrs)	-	7 618	5 953	13 571
Average retirement age (-2 yrs)	-	6 443	4 841	11 284
Withdrawal rates (x2)	-	4 986	4 170	9 156
Withdrawal rates (x0.5)	-	8 597	6 294	14 891
	-	-	-	-

Sensitivity Analysis on the Unfunded Accrued Liability (in R millions) for the year ended 30 June 2021 - Assumptions & Change

				Liability
Central assumptions	-	-	-	67 255
General salary inflation (+1%)	-	-	-	71 770
General salary inflation (-1%)	-	-	-	63 157
Discount rate (+1%)	-	-	-	63 085
Discount rate (-1%)	-	-	-	71 951
Average retirement age (+2 yrs)	-	-	-	73 577
Average retirement age (-2 yrs)	-	-	-	60 292
Withdrawal rates (x2yrs)	-	-	-	52 615
Withdrawal rates (x0.5yrs)	-	-	-	77 340
	-	-	-	-

22. Payables from exchange transactions

Trade payables	595 088	717 227	843 846	952 727
Payments received in advanced	140 979	120 186	140 979	120 186
Accrued leave pay	88 373	68 218	88 373	68 218
Accrued bonus	14 701	15 726	14 701	15 726
Unallocated Deposits	151 982	127 710	151 982	127 710
Retentions	59 142	67 813	59 142	67 813
	1 050 265	1 116 880	1 299 023	1 352 380

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

22. 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:

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 municipality received R134 097 from the Provincial government to implement the Lethabong project on behalf of the North West Provincial Government Department of Local Government and Human Settlements. However the municipality is not an implementing agent for the North West Provincial Government Department of Local Government and Human Settlements. This was not gazetted nor was the municipality accredited to perform this function. Provincial Government subsequently requested the money to be paid back which was paid back in the 2020/21 financial year. The money received forms part of trade payables for 2019/20 financial year.

The management of the municipality is of the opinion that the carrying value of creditors approximate their fair values.

23. VAT payable

VAT payable	186 692	172 944	184 736	149 171
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VAT is payable on the receipt basis. Only once payment is received from debtors, VAT is paid over to SARS. No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

24. Consumer deposits

Electricity and Water	54 733	51 103	54 733	51 103
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Guarantees

Guarantees held in lieu of electricity and water	29 288	29 421	29 288	29 421
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Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on Consumer Deposits held.

25. Service charges

Sale of electricity	2 378 593	1 986 633	2 378 593	1 986 633
Sale of water	510 632	555 384	444 439	491 385
Sewerage and sanitation charges	161 443	150 805	161 443	150 805
Refuse removal	149 608	137 214	149 608	137 214
	3 200 276	2 830 036	3 134 083	2 766 037

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.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020
26. Rental of facilities and equipment				
Premises				
Rental Revenue from Halls	262	211	262	211
Rental Revenue from Buildings	9 321	8 355	9 321	8 355
	9 583	8 566	9 583	8 566
Facilities and equipment				
Rental Revenue from Amenities	327	278	327	278
Rental Revenue from Other Facilities	100	77	100	77
	427	355	427	355
	10 010	8 921	10 010	8 921
27. Other income				
Building Plan Fees	1 069	1 036	1 069	1 036
Application for clearance certificate	10	166	10	166
Reconnection fees	4	-	4	-
Cemetery Fees	1 137	795	1 137	795
Advertising Signs	1 430	1 583	1 430	1 583
Photocopies	15	-	15	-
Tender Documents	32	418	31	418
Town Planning Fees	161	-	161	-
Surplus cash	28	8	28	8
Sundry Income	36 364	10 094	12 570	10 094
Swimming pool fees	61	-	61	-
	40 311	14 100	16 516	14 100
28. Interest recieved - other				
Interest revenue				
Investments	19 809	30 633	17 054	24 275
Finance leases	-	-	196	220
	19 809	30 633	17 250	24 495

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

29. Property rates

Rates received

Residential	169 089	148 869	169 089	148 869
Commercial	222 323	199 568	222 323	199 568
State	15 774	15 905	15 774	15 905
Agriculture	5 701	8 567	5 701	8 567
	412 887	372 909	412 887	372 909

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 2021. Supplementary valuations are processed on a monthly basis to take into account changes to individual property values due to alterations and subdivisions.

Interim valuations are processed on an continuous basis to take into account changes in individual property values due to alterations and subdivisions.

Rates are levied monthly on property owners and are payable the end of each month. Interest is levied at a rate determined by council on outstanding rates amounts.

30. Grants and subsidies paid

Other subsidies

Community Projects	742	3 659	742	3 659
Rustenburg Water Service Trust	-	-	-	16 597
	742	3 659	742	20 256

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020
31. Government grants and subsidies				
Operating grants				
Equitable share	861 905	675 452	861 905	675 452
National - Financial Management Grant	1 700	1 700	1 700	1 700
Provincial - Seta: EPWP training	4 432	3 786	4 432	3 786
Provincial - LG Seta	43	-	43	-
	868 080	680 938	868 080	680 938
Capital grants				
National: Municipal Infrastructure Grant (MIG)	204 196	238 193	204 196	238 193
National - Financial Management Grant	162	2 284	162	2 284
Provincial: COGTA	-	2 014	-	2 014
Grants from private Org - EEDG	1 802	-	1 802	-
National Public Transport Network Grant (PTNG)	157 071	191 466	157 071	191 466
Provincial: Department of Sports, Arts and Culture (DSAC Library)	1 162	1 248	1 162	1 248
National Municipal Water Infrastructure Grant (MWIG)	68 142	93 872	68 142	93 872
National: Integrated National Electrification Program (INEP)	8 310	8 690	8 310	8 690
	440 845	537 767	440 845	537 767
	1 308 925	1 218 705	1 308 925	1 218 705

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: 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 19).

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	5 414	8 500	5 414	8 500
Current-year receipts	230 583	235 107	230 583	235 107
Conditions met - transferred to revenue	(204 198)	(238 193)	(204 198)	(238 193)
Roll over not allowed	(5 414)	-	(5 414)	-
	26 385	5 414	26 385	5 414

Conditions still to be met - remain liabilities (see note 19).

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2021	2020	2021	2020

31. Government grants and subsidies (continued)

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	2 917	2 699	2 917	2 699
Current-year receipts	1 181	1 485	1 181	1 485
Conditions met - transferred to revenue	(1 182)	(1 247)	(1 182)	(1 247)
Roll over not allowed	(561)	-	(561)	-
	2 355	2 917	2 355	2 917

Conditions still to be met - remain liabilities (see note 19).

The grant was received to transform rural and urban community library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised programme at provincial level in support of local government and national initiatives.

Provincial: COGTA

Balance unspent at beginning of year	2 017	4 031	2 017	4 031
Conditions met - transferred to revenue	-	(2 014)	-	(2 014)
	2 017	2 017	2 017	2 017

Conditions still to be met - remain liabilities (see note 19).

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	5 422	3 786	5 422	3 786
Conditions met - transferred to revenue	(4 432)	(3 786)	(4 432)	(3 786)
	990	-	990	-

Conditions still to be met - remain liabilities (see note 19).

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	2 165	1 188	2 165	1 188
Current-year receipts	-	977	-	977
Conditions met - transferred to revenue	(43)	-	(43)	-
	2 122	2 165	2 122	2 165

Conditions still to be met - remain liabilities (see note 19).

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	-	50 000	-	50 000
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Rustenburg Local Municipality

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020
31. Government grants and subsidies (continued)				
Current-year repayment	-	(50 000)	-	(50 000)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 19).

This grant is received from district municipalities for the cleaning of cemeteries, LED business plans and various other initiatives.

Other: Energy Efficiency and Demand-Side Management Grant

Current-year receipts	4 500	-	4 500	-
Conditions met - transferred to revenue	(1 802)	-	(1 802)	-
	2 698	-	2 698	-

Conditions still to be met - remain liabilities (see note 19).

The grant funds selected municipalities to implement energy-efficiency projects, with a focus on public lighting and energy efficient municipal infrastructure.

National: Public Transport Network Grant (PTNG)

Balance unspent at beginning of year	125 856	182 810	125 856	182 810
Current-year receipts	164 282	218 911	164 282	218 911
Conditions met - transferred to revenue	(157 071)	(191 465)	(157 071)	(191 465)
Roll over not allowed	(125 856)	(84 400)	(125 856)	(84 400)
	7 211	125 856	7 211	125 856

Conditions still to be met - remain liabilities (see note 19).

National: MWIG

Balance unspent at beginning of year	6 589	12 462	6 589	12 462
Current-year receipts	72 840	88 000	72 840	88 000
Conditions met - transferred to revenue	(68 142)	(93 873)	(68 142)	(93 873)
Roll over not allowed	(6 589)	-	(6 589)	-
	4 698	6 589	4 698	6 589

Conditions still to be met - remain liabilities (see note 19).

National: Integrated National Electrification Programme (INEP)

Balance unspent at beginning of year	6 720	15 410	6 720	15 410
Current-year receipts	2 000	-	2 000	-
Conditions met - transferred to revenue	(8 309)	(8 690)	(8 309)	(8 690)
	411	6 720	411	6 720

Conditions still to be met - remain liabilities (see note 19).

National: Neighbourhood Development Programme (NDP)

Balance unspent at beginning of year	17 716	5 000	17 716	5 000
Current-year receipts	4 000	20 000	4 000	20 000
Conditions met - transferred to revenue	(162)	(2 284)	(162)	(2 284)
Roll over not allowed	(17 716)	(5 000)	(17 716)	(5 000)

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Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2021	2020	2021	2020
31. Government grants and subsidies (continued)	3 838	17 716	3 838	17 716

Conditions still to be met - remain liabilities (see note 19).

National: Disaster Management

Current-year receipts	1 210	-	1 210	-
Roll over not allowed	(1 210)	-	(1 210)	-
	-	-	-	-

Conditions still to be met - remain liabilities (see note 19).

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

Rustenburg Local Municipality

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020
32. Employee related costs				
Basic	476 252	471 846	471 836	466 098
Bonus	34 571	31 031	34 571	31 031
Medical aid - company contributions	44 881	42 864	44 881	42 864
UIF	3 553	3 755	3 553	3 755
WCA	3 765	2 641	3 765	2 641
SDL	5 438	5 518	5 438	5 518
Pension	85 297	81 673	85 297	81 673
Industrial Council Levy	416	579	416	579
Other long-term employee benefits: Long-service awards	-	3 232	-	3 232
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	33 025	26 674	33 025	26 674
Housing benefits and allowances	2 298	2 188	2 298	2 188
Overtime payment	14 539	37 034	14 539	37 034
Other Employee Cost	55 951	46 679	55 951	46 679
	759 986	755 714	755 370	749 966
Remuneration of Municipal Manager				
Annual Remuneration	2 074	916	2 074	916
Acting Allowance	-	157	-	157
Contributions to UIF, Medical and Pension Funds	116	48	116	48
	2 190	1 121	2 190	1 121
Remuneration of Chief Financial Officer				
Annual Remuneration	1 740	1 480	1 740	1 480
Car Allowance	82	-	82	-
Contributions to UIF, Medical and Pension Funds	2	90	2	90
	1 824	1 570	1 824	1 570
Remuneration of Director: Community Development				
Annual Remuneration	1 724	1 470	1 724	1 470
Car Allowance	96	96	96	96
Contributions to UIF, Medical and Pension Funds	2	44	2	44
	1 822	1 610	1 822	1 610
Remuneration of Director: Corporate Services				
Annual Remuneration	1 738	1 405	1 738	1 405
Car Allowance	82	-	82	-
Acting Allowance	4	-	4	-
Contributions to UIF, Medical and Pension Funds	2	86	2	86
	1 826	1 491	1 826	1 491
Remuneration of Director: Local Economic Development				
Annual Remuneration	1 820	1 595	1 820	1 595
Contributions to UIF, Medical and Pension Funds	2	17	2	17
	1 822	1 612	1 822	1 612

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	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

32. Employee related costs (continued)

Remuneration of Director: Planning and Human Settlements

Annual Remuneration	1 627	1 341	1 627	1 341
Car Allowance	180	135	180	135
Contributions to UIF, Medical and Pension Funds	21	133	21	133
	1 828	1 609	1 828	1 609

Remuneration of Director: Technical and Infrastructure Services

Annual Remuneration	1 385	1 592	1 385	1 592
Acting Allowance	61	-	61	-
Contributions to UIF, Medical and Pension Funds	1	15	1	15
	1 447	1 607	1 447	1 607

Remuneration of Director: Public Safety

Annual Remuneration	1 411	1 049	1 411	1 049
Car Allowance	329	329	329	329
Contributions to UIF, Medical and Pension Funds	82	78	82	78
	1 822	1 456	1 822	1 456

Remuneration of Director: Rust Rapid Transport

Acting Allowance	-	100	-	100
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Total employee related cost	-	774 567	767 890	769 951	762 142
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33. Remuneration of councillors

Executive Major	1 383	1 372	1 383	1 372
Speaker	1 548	1 049	1 548	1 049
Mayoral Committee Members	9 944	9 076	9 944	9 076
Chief Whip	81	678	81	678
Councillors	42 140	38 787	42 140	38 787
Company Contributions to UIF, Medical and Pension Funds	5 310	4 995	5 310	4 995
	60 406	55 957	60 406	55 957

34. Depreciation and amortisation

Property, plant and equipment	377 605	370 719	338 559	338 211
Investment property	9 154	9 079	9 154	9 079
Intangible assets	6	8	6	8
	386 765	379 806	347 719	347 298

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	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

35. Impairment of assets

Impairments

Property, plant and equipment	611	265	-	-
With the assessment of the useful life and inspection of the asset conditions impairments were recognised.				
Inventories	1 451	20 911	1 451	20 911
During the inventory count obsolete stock were identified and provided for.				
Consumer Debtors	747 493	428 179	747 493	428 179
Recoverability of receivables from exchange and non-exchange transactions were assessed and provision for impairment were identified.				
Receivables from non-exchange revenue	9 475	1 683	7 138	1 683
Recoverability of IGRAP receivables were assessed and provision for impairment were identified.				
	759 030	451 038	756 082	450 773

36. Finance costs

Employee benefits	20 057	10 278	20 057	10 278
Finance leases	164	912	164	912
Loans and Payables at amortised cost	43 262	69 268	37 888	59 312
Late payment of tax	2 115	5 528	2 115	5 528
Other interest - Eskom	9 722	13 477	9 722	13 477
	75 320	99 463	69 946	89 507

37. Bulk purchases

Electricity	2 091 259	1 658 885	2 091 259	1 658 885
Water	371 099	394 501	531 337	531 073
	2 462 358	2 053 386	2 622 596	2 189 958

38. Contracted services

Presented previously

Training	105	547	105	547
Professional fees	38 612	36 696	38 612	36 696
Security services	24 867	24 384	24 867	24 384
Valuation services	-	6 301	-	6 301
Other Contractors	112 213	154 685	112 213	154 685
	175 797	222 613	175 797	222 613

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	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020
39. General expenses				
Advertising	1 431	43	1 431	43
Auditors remuneration	13 569	11 722	12 671	10 775
Bank charges	4 771	4 783	4 762	4 770
Commission paid	51 877	125 426	51 877	125 426
Consumables	8 885	4 787	8 885	4 787
Entertainment	18	35	18	35
Legal Costs	298	187	-	-
Hire	234	143	234	143
Insurance	8 577	6 995	7 868	6 153
Marketing	24	715	24	715
Contribution for landfill sites	-	137	-	137
Printing and stationery	4 429	5 532	4 429	5 532
Repairs and maintenance	73 056	114 735	63 060	107 962
Subscriptions and membership fees and levies	16 750	15 258	16 750	15 258
Telephone and fax	4 250	5 184	4 250	5 184
Transport and freight	23 749	17 992	23 749	17 992
Travelling Subsistence	26	350	26	350
Assets written off	-	1 679	-	1 679
Water	100 861	90 432	-	-
Consumption expenditure	1 270	1 905	1 270	1 905
Bad debts written off	34 404	-	34 404	-
Strategic Planning	1 985	-	-	-
License fees	209	431	13	219
Ward committee	7 104	6 156	7 090	6 156
Chemicals	55	182	55	182
Other expenses	1 928	8 638	1 928	8 638
	359 760	423 447	244 794	324 041

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	21	43	21	43

41. Auditors' remuneration

Fees	13 569	11 722	12 671	10 775
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Rustenburg Local Municipality

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Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2021	2020	2021	2020
42. Cash generated from operations				
Surplus	351 789	514 628	265 944	439 199
Adjustments for:				
Depreciation and amortisation	382 011	352 346	342 965	319 838
Gain on disposal of assets	(10)	(8)	-	-
Fair value adjustments	(21)	(43)	(21)	(43)
Finance costs	43 426	70 180	38 052	60 224
Impairment loss	759 030	451 038	756 082	450 773
Movements in operating lease assets	15	13	15	13
Movements in employee benefit obligations	11 960	45 924	11 960	45 924
Movements in provisions	(9 293)	48 228	(9 293)	48 228
Changes in working capital:				
Inventory	(4 734)	12 143	(4 734)	12 143
Receivables from exchange and non-exchange transactions	(946 242)	(930 461)	(946 943)	(920 471)
Payables from Exchange transactions and other payables	(165 906)	413 469	(130 831)	471 652
	422 025	977 459	323 196	927 480

43. Financial instruments disclosure

Categories of financial instruments

Economic entity - 2021

Financial assets

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	378 380	378 380
Receivables from non-exchange transactions	-	46 390	46 390
Cash and cash equivalents	506 025	-	506 025
Investments	814	-	814
Guarantees	29 268	-	29 268
	536 107	424 770	960 877

Financial liabilities

	At amortised cost	Total
Other financial liabilities	351 620	351 620
Payables from exchange transactions	1 050 265	1 050 265
Consumer deposits	54 733	54 733
	1 456 618	1 456 618

Economic entity - 2020

Financial assets

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	213 379	213 379
Receivables from non-exchange transactions	-	23 561	23 561
Cash and cash equivalents	622 220	-	622 220
Investments	775	-	775
Guarantees	29 421	-	29 421

Rustenburg Local Municipality

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

43. Financial instruments disclosure (continued)

652 416 236 940 889 356

Financial liabilities

	At amortised cost	Total
Other financial liabilities	474 840	474 840
Payables from exchange transactions	1 116 880	1 116 880
Consumer deposits	51 103	51 103
Finance lease obligation	4 871	4 871
	1 647 694	1 647 694

Economic entity - 2021

Financial assets

	At fair value	At amortised cost	At cost	Total
Receivables from exchange transactions	-	360 076	-	360 076
Receivables from non-exchange transactions	-	46 390	-	46 390
Cash and cash equivalents	411 333	-	-	411 333
Investments	814	-	1	815
Finance lease receivables	-	1 593	-	1 593
Guarantees	29 268	-	-	29 268
	441 415	408 059	1	849 475

Financial liabilities

	At amortised cost	Total
Other financial liabilities	351 620	351 620
Payables from exchange transactions	1 299 023	1 299 023
Consumer deposits	54 733	54 733
	1 705 376	1 705 376

Controlling entity - 2021

Financial assets

	At fair value	At amortised cost	At cost	Total
Receivables from exchange transactions	-	191 793	-	191 793
Receivables from non-exchange transactions	-	23 561	-	23 561
Cash and cash equivalents	552 189	-	-	552 189
Investments	775	-	1	776
Finance lease receivables	-	1 844	-	1 844
Guarantees	29 421	-	-	29 421
	582 385	217 198	1	799 584

Financial liabilities

	At amortised cost	Total
Other financial liabilities	420 089	420 089
Payables from exchange transactions	1 352 380	1 352 380

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020
43. Financial instruments disclosure (continued)				
Consumer deposits			51 103	51 103
Finance lease obligation			4 871	4 871
			1 828 443	1 828 443

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

30 June 2020 - Economic entity	< 1 year	1 to 2 years	2 to 5 years	5+ years	Total
Other financial liabilities	107 125	53 749	111 765	202 201	474 840
Payables from exchange transactions	1 116 880	-	-	-	1 116 880
Consumer deposits	51 103	-	-	-	51 103
Finance lease obligation	4 871	-	-	-	4 871
	1 279 979	53 749	111 765	202 201	1 647 694

30 June 2021 - Economic entity	< 1 year	1 to 2 years	2 to 5 years	5+ years	Total
Other financial liabilities	38 655	36 068	40 001	236 896	351 620
Payables from exchange transactions	1 050 265	-	-	-	1 050 265
Consumer deposits	54 733	-	-	-	54 733
	1 143 653	36 068	40 001	236 896	1 456 618

30 June 2020 - Controlling entity	< 1 year	1 to 2 years	2 to 5 years	5+ years	Total
Other financial liabilities	71 836	35 287	111 765	201 201	420 089
Payables from exchange transactions	1 352 380	-	-	-	1 352 380
Consumer deposits	51 103	-	-	-	51 103
Finance lease obligation	4 871	-	-	-	4 871
	1 480 190	35 287	111 765	201 201	1 828 443

30 June 2021 - Controlling entity	< 1 year	1 to 2 years	2 to 5 years	5+ years	Total
Other financial liabilities	38 655	36 068	40 001	236 896	351 620
Payables from exchange transactions	1 299 023	-	-	-	1 299 023
Consumer deposits	54 733	-	-	-	54 733
	1 392 411	36 068	40 001	236 896	1 705 376

44. Commitments

Commitments in respect of Capital Expenditure

Already contracted for but not provided for				
• Approved and contracted for	124 571	127 787	121 540	120 060
Total capital commitments				
Approved and contracted for	124 571	127 787	121 540	120 060

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	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

45. Contingencies

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020
Bonakude Consulting (Pty) Ltd. // RLM Case No. 1053/19. Claim for payment for consulting services which were rendered to RLM per the SLA that was concluded.	11 451	11 451	11 451	11 451
Reonet (Pty) Ltd. T/a Reonet Utility // RLM. Non-payment of services rendered –Automated meter reading water demand management programme	416	416	416	416
Bigen Africa Services (Pty) Ltd // RLM. Claim for non-payment of rendered professional roads and stormwater services rendered.	8 928	8 928	8 928	8 928
Eritha Door and Windows // RLM. Claim against RLM for outstanding amount for Cession agreement concluded with RLM (as subcontractor) of Makgothamishe. The Municipality cancelled the agreement with the main contractor because of poor performance	6 586	6 826	6 586	6 826
GCF Forklifts and Truck Centre (Pty) Ltd / RLM. Application by GCF for payment for services rendered.	1 030	1 030	1 030	1 030
Mmela Investment Holdings (Pty) Ltd // RLM. Issued summons for claiming damages based on the grounds of cancellation of their appointment as per the Bid document.	651 958	651 958	651 958	651 958
Ian Phillip Muller / RLM. Claim 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.	1 124	1 124	1 124	1 124
Vesta//RLM. Court Application by RLM to review the contract as invalid, unlawful and unconstitutional. Various urgent interlocutory applications brought to restore and keep access to Phoenix accounting system.	24 962	19 091	24 962	19 091
RLM/ Makgotamishe. RLM has been issued with summons for payment.	71 763	71 763	71 763	71 763
Hennie Motors / RLM. Application for payment for services rendered. Supply chain management process was not followed in that no order was provided before the work can be done.	-	1 649	-	1 649
Frans Lourens Rootman and Another // RLM and Executive Mayor. Claim in respect of the alleged Defamation of Character.	1 307	1 307	1 307	1 307
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	-	40 000	-	40 000
RLM / Novel Enterprises. Application for payment of the outstanding amounts for the supply of water tankers in various areas in Rustenburg.	1 994	2 515	1 994	2 515
Boffin & Fundi (PTY) LTD / RLM. Claim 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.	3 993	3 849	3 993	3 849

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Figures in Rand thousand	Economic entity		Controlling entity	
	2021	2020	2021	2020
45. Contingencies (continued)				
Aecom SA (Pty) Ltd / RLM. Claim for payment of professional service rendered –Waste disposal transfer station – R6 818 289-20	7 912	6 818	7 912	6 818
Gabtu Project Management and Construction CC / RLM. Review and setting aside of the tender and claim for damages.	1 288	1 552	1 288	1 552
Lesley Molema /RLM. Review Application against the Arbitrator	2 557	1 534	2 557	1 534
Telkom SA/RLM (8 CASES). Claim for damages against the RLM	-	212	-	212
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.	700	783	700	783
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 for the service rendered. The Plaintiff is therefore now claiming the following from the Defendant:	2 353	1 640	2 353	1 640
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. 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.	51 535	34 998	51 535	34 998
JST Construction CC / RLM. A claim in respect of the design and construction: Extension of the CCTV monitoring unit as per BID No.: RLM/DPS/0043/2013/14.	3 167	3 167	3 167	3 167
Crystal Lagoon Investments 43 CC // RLM. Application for a refund that was paid under protest in order to obtain Clearance Certificate.	250	250	250	250
PEC Utility Management (Pty) Ltd. // RLM. Dispute over municipal account	1 211	1 211	1 211	1 211
Geontsi // RLM. A claim in respect of the design, construction and monitoring of low cost housing at Bethanie Phase 2, Mathopetad Phase 2 and Boitekong Ext 8.	20 174	20 174	20 174	20 174
Diphage Maropeng // RLM & M Banda. Claim 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	62	62	62	62
Makgosi Consulting CC // RLM. Urgent application to set aside the intended termination of contract for service rendered.	-	12 573	-	12 573
Ms Mbolekwa - Pupuma. Unfair suspension	1 093	668	1 093	668
SALGBC /RLM – Failure to comply with agency shop collective agreement	-	546	-	546
Obadia Mokonyama. Unfair Dismissal	515	515	515	515
SAMWU obo (Mfolwe, Mongae, Lephogole)/RLM: Unfair Dismissal	4 704	1 882	4 704	1 882

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Figures in Rand thousand	Economic entity		Controlling entity	
	2021	2020	2021	2020
45. Contingencies (continued)				
Telkom SA SOC Limited // RLM. Claim for damaged underground electronic communications facilities at various areas	281	281	281	281
Nkululeko Nkomo // RLM. Claim for matrimonial loss pursuant to refusal by RLM Security Officer to avail the facility booked for music festival event.	1 100	1 100	1 100	1 100
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.	-	130	-	130
Thabane Motors / RLM. The plaintiff claims interest and costs against the RLM in respect of unpaid invoices for repairs and maintenance of the Municipality fleet	11 900	11 900	11 900	11 900
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.	740 621	740 621	740 621	740 621
Van Der Westhuizen / RLM. Overbilling of municipal Water Services.	-	119	-	119
FASCON TLOTO- TLHAGO/ RLM. Claim for Service Rendered	-	747	-	747
RLM / Vega Turkey Projects. Claim for services rendered.	826	826	826	826
Legoa Mokotsoa / minister of Police & Others. Plaintiff claims legal costs for unlawful arrest.	-	580	-	580
Ntja Paulus Sello / RLM. Member of the public claim for loss of income	86	86	86	86
Johannes Motshwane / RLM & Executive Mayor. Action instituted for alleged defamation against the RLM and the Executive Mayor	2 600	2 000	2 600	2 000
MMT Projects - Mosia motubatse Rental & Projects CC / RLM. Claim for services rendered.	4 533	4 533	4 533	4 533
KSP Group Pty Ltd / RLM. Claim for enforcement of contract and service level agreement.	328 842	328 842	328 842	328 842
RISE NOW TRADING 34 Pty Ltd R 478 / RLM. Claim for enforcement of contract and service level agreement	72 250	72 250	72 250	72 250
UMKHONTO PROFESSIONAL SERVICES PTY LTD R 479 / RLM. Claim for enforcement of contract and service level agreement	64 669	64 669	64 669	64 669
RWA Plant Hire / RLM. Claim against municipality based on alleged payment of truck license.	42	40	42	40
Lithadika CC t/a LT Services / RLM. Claim in respect of services rendered.	227	196	227	196
Marata go Bonwa trading / RLM. Claim for unpaid invoices.	-	22	-	22
Orlando Ignatius ntsala / RLM. Claim for unpaid invoices.	1 482	1 241	1 482	1 241
WSP Group Africa (Pty) Ltd / RLM. Claim for unpaid invoices	-	409	-	409
Mabaso ZA / RLM & Minister of Police. Action for unlawful arrest and detention.	422	422	422	422
Sepumo Primary Cooperative / RLM. Plaintiff issued summons against RLM citing nonpayment for services rendered.	397	397	397	397
Dark Fibre (Pty) Ltd / RLM. Employees of RLM, whilst working, damaged their underground cables.	-	135	-	135

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Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2021	2020	2021	2020
45. Contingencies (continued)				
Promptique Trading / RLM. Nonpayment for services rendered.	1 260	1 260	1 260	1 260
Visser / RLM. Summons issued after a water pipe burst and allegedly caused her vehicle to skid and it was damaged as a result.	55	55	55	55
SMEC South Africa / RLM. Plaintiff issued summons for payment of services rendered.	252	252	252	252
Nthabiseng OBO Minor Child / RLM. Summons issued against RLM for damages suffered by minor child as a result of electric box which was left naked.	3 099	3 099	3 099	3 099
Losaba Services CC / RLM. Claim in respect of services rendered.	2 137	1 836	2 137	1 836
ESKOM HOLDINGS SOC LTD / RLM. The municipality is disputing claims made by Eskom for unpaid invoices	28 495	131 238	28 495	131 238
Belinda Manuel / RLM. Unfair dismissal claim	1 601	-	1 601	-
ABINAAR MODIKELE MATLOKO vs THE RUSTENBURG LOCAL MUNICIPALITY. Legal proceedings launched by Mr Abinaar Modikele Matloko against the Rustenburg Local Municipality in terms of which Matloko claims that the Rustenburg Local Municipality allegedly published defamatory publications concerning Mr Matloko during or after August 2019.	1 205	-	1 205	-
RUSTENBURG LOCAL MUNICIPALITY VS MCESE CAPITAL (PTY) LTD. Application to review and set aside the award of a tender to Mcese Capital under tender No. RLM/BTO/0090/2017/18 in respect of proposals for appointment of panel of transactional advisors for infrastructure delivery and acceleration. Tender to be set aside on the grounds that several mandatory procurement processes were not complied with in terms of section 217 of the Constitution, 1996.	15 949	-	15 949	-
UMSO CONSTRUCTION PTY LTD VS RUSTENBURG LOCAL MUNICIPALITY. Summons issued in respect of Contract RLM/MM/0063/2015/16 for services for Detail Design and Construction of the RTT Contract A, CBD North Section.	19 244	-	19 244	-
INTELLIGENCE EVERYWHERE ENTERPRISES PTY LIMITED // RLM Applicant and RLM 1st Respondent MICROSOFT SA PTY LIMITED 2nd Respondent and ELECTRONIC CONNECT PTY LIMITED 3rd Respondent. Application by Intelligence Everywhere to review and set aside the decision of the First Respondent dated October 2020. On review and setting aside of the impugned decision for an order declaring the contractual relationship between the applicant extant and ordering the payment of the sum of R 7 619 253.71 and legal costs other or alternative relief.	7 619	-	7 619	-
RUSTENBURG LOCAL MUNICIPALITY // REUBEN RINGETHA KUBAYI. 18 November 2019 & NW/RUS/RC469/2019	440	-	440	-
DIKGELE DISTRIBUTORS CC V RUSTENBURG LOCAL MUNICIPALITY MAT106644. Summons: Dikgele Distributors instituted action for services rendered to the Municipality for delivery of water tanks at its instance.	10 073	-	10 073	-

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Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2021	2020	2021	2020
45. Contingencies (continued)				
MAMPEPU CONSTRUCTION AND PROJECTS // RUSTENBURG LOCAL MUNICIPALITY. Mampepu issued summons against RLM for services rendered for delivery of water through water tanks.	10 073	-	10 073	-
SALBC//RLM. The matter is about agency fees where the bargaining council is accused of failing to deduct agency fees from the employees to the bargaining council.	500	-	500	-
I.M. MOGAKABE// RLM. Damages Claim against the Municipality in the amount of R500 000.00	500	-	500	-
	2 215 813	2 280 078	2 215 813	2 280 078

It is not practicable to estimate the level of uncertainty for each case. To assign probability levels or scales to matters under litigation is highly impractical due to the nature of litigation. Management exercises a high level of prudence in disclosing the maximum possible outcome of the contingent liabilities. In applying GRAP 19, the municipality considers all cases except where the possibility of an outflow in settlement is extremely remote. The amounts have been based on the attorney's best estimates of the possible amount payable..

Contingent assets

Figures in Rand Thousand	Economic entity		Controlling entity	
	2021	2020	2021	2020
RLM/ MAKGOTAMISHE. RLM has instituted summons for payment. 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	15 884	15 884	15 884	15 884
RLM / KSP Group Pty Ltd. Counter application to review and set aside the tender. RLM pursuing recovery of funds.	94 574	141 427	94 574	141 427
RLM / RISE NOW TRADING 34 Pty Ltd R 478. Counter application to review and set aside the tender. RLM pursuing recovery of funds.	52 645	53 199	52 645	53 199
RLM / UMKHONTO PROFESSIONAL SERVICES PTY LTD R 479. Counter application to review and set aside the tender. RLM pursuing recovery of funds.	52 044	109 164	52 044	109 164
Vesta / RLM. Court Application by RLM to review the contract as invalid, unlawful and unconstitutional. Various urgent interlocutory applications brought to the court and keep access to Phoenix accounting system.	27 053	27 053	27 053	27 053
S.O. MATSHIDISO CONSTRUCTION AND PROJECTS C.C. // RUSTENBURG LOCAL MUNICIPALITY – CASE NO: 9238/2016. Counter claim - Commercial matter	23 996	23 996	23 996	23 996
Lithaba Basadi Investments(Pty)Ltd / RLM. Recovery of over payment in the form of deposit unused and not returned.	-	371	-	371
Sello Moraka / Forum for Service Delivery / RLM. Urgent application to declare and set aside the vacancy of the applicant as a councillor of the municipality	20	-	20	-

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Figures in Rand thousand	Economic entity		Controlling entity	
	2021	2020	2021	2020
45. Contingencies (continued)				
CMS WATER ENGINEERING CC, THEUNIS JACOBUS EHLERS N.O.; WILLIAMKGOMOTSO KUMBE N.O. JACEY KRUGER N.O.; VINESH DILSHOOK N.O; ANDBOTSHELO ISHMAEL MPETE N.O. "RWST 2017/02 Mechanical and Electrical Works for the Upgrade of the Bospoort Water Treatment Works" by the Rustenburg Local Municipality to CMS Water Engineering CC on the grounds that several mandatory procurement processes were not complied with in terms of section 217 of the Constitution, 1996.	22 689	-	22 689	-
Subtotal	288 905	371 094	288 905	371 094
	288 905	371 094	288 905	371 094

Rustenburg Local Municipality

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

46. Related parties

Relationships
Controlled entities
Joint ventures

Refer to note 7
Refer to note 32&33

Related party balances

Loan accounts - Owing (to) by related parties
Rustenburg Water Services Trust

1 593 1 844

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

Rustenburg Water Services Trust - Water Sales
Rustenburg Water Services Trust - Grant & subsidy
Rustenburg Water Services Trust - IMQS Software

(223 881) (250 548)
(35 560) (7 982)
(2 173) (2 173)

Related party transactions

Interest paid to (received from) related parties
Rustenburg Water Services Trust

(196) (220)

Purchases from (sales to) related parties
Rustenburg Water Services Trust

154 147 139 444

Transfer payment / Grant & Subsidy paid to (received from) related parties
Rustenburg Water Services Trust

6 092 15 783

Transfer payment / Grant & Subsidy (conditions met by related party)
Rustenburg Water Services Trust

(6 092) (15 783)

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

Vincent Dilsook
Jacey Kruger
Adv Mphete
Kgomotso Kumbé

Opening
balance
97
67
74
81
319

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
Bank charges
Interest paid on term loan
Term Loan

2 755 6 358 - -
(9) (13) - -
(3 833) (9 956) - -
- 54 751 - -

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

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

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.

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	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

48. Prior period errors

Transactions reflected in this note are rounded to thousands.

The following Prior period error corrections were done for the 2019 financial year:

PPE decreased by R125 923 and Retained earnings decreased by R125 923 due to correction of amounts that were incorrectly included in WIP and the Fixed Asset Register.

Heritage Assets increased by R5 and Retained earnings increased by R5 due to inclusion of hand drawn field ambulance that was previously omitted.

Investment Property decreased by R278 and Retained earnings decreased by R278 due to removal of private owner properties not belonging to the municipality.

An decrease in Property Rates of R4 182, an increase in service charges of R7 703, an increase in Receivables from exchange transactions of R8 858, a decrease in receivables from non-exchange transactions of R4 182 and an increase in VAT payable of R1 155 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 Contracted services of R189, an increase in General expense of R125 998, a decrease in VAT payable of R18 861 and a increase in Payables from exchange transactions of R145 048 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.

A decrease in Payables from exchange transactions of R59 321 and an increase in Retained earnings of R59 321 occurred due correction of duplicate entries that were identified when the full population of creditors were investigated.

A decrease in Retained earnings of R34 488, a decrease in VAT payable of R5 173 and an increase in Payables from exchange transactions of R39 661 occurred due to raising of RWST invoices which was previously omitted.

Fruitless and Wasteful expenditure increased by R989 due to SARS Interest and Penalties which was previously omitted.

An increase in Receivables from non exchange transactions of R1 940 and an increase in Retained earnings of R1 940 occurred due to correction of traffic fines in line with guidance from the Director of Public Prosecutions and correction of prior year exceptions.

Cash & cash equivalents increased by R148 276 and Retained earnings increased by R148 276 due to exceptions raised last year that were corrected and additional items identified when the full population of the cashbook was investigated.

A decrease in Receivables from exchange transactions of R94 919, a decrease in Receivables from non exchange transactions of R3 646 and a decrease in Retained earnings of R98 565 occurred due to reversal of billing on RLM accounts in line with prior year exceptions raised.

A decrease in Receivables from exchange transactions of R60 802 and a decrease in Retained earnings of R60 802 occurred due to errors that were corrected when the full population of receivables was investigated.

Unspent grants decreased by R29 365 and Retained earnings increased by R29 365 due to correction of balances that were not supported and showed no movement for at least five years.

PPE decreased by R5 968 and Retained earnings decreased by R5 968 due to land disposed that was previously omitted.

Receivables from exchange transactions decreased by R192 976 and payables from exchange transactions decreased by R192 976 due to commission on prepaid sales that was withheld by Cigicell.

The following Prior period error corrections were done for the 2020 financial year:

Receivables from exchange transactions increased by R51 513 and General expenses decreased by R51 513 due to reversal of bad debts written off which was incorrectly processed on municipal own accounts.

An decrease in Retained earnings of R1 366, a decrease in Receivables from exchange transactions of R2 334, an increase in

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Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2021	2020	2021	2020

48. Prior period errors (continued)

receivables from non-exchange transactions of R662 and a decrease in VAT payable of R304 occurred due to corrections made after year end to accounts due to various reasons which include over and under billing of customer accounts.

An decrease in Retained earnings of R176 457, a decrease in VAT payable of R13 129 and a increase in Payables from exchange transactions of R189 587 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.

A increase in Bulk Purchases of R17 563, a decrease in VAT payable of R3 752 and an increase in Payables from exchange transactions of R21 315 occurred due to raising of RWST invoices which was previously omitted.

Commitments decreased by R187 929 due to exceptions raised last year that were investigated and corrected.

Irregular expenditure increased by R362 054 due to exceptions raised last year that were investigated and additional items identified when the full population of payments and contracts were investigated.

A decrease in Fines of R163, a decrease in Receivables from non exchange transactions of R1 192, a decrease in Impairment loss of R4 728 and a decrease in Unallocated deposits of R5 757 occurred due to correction of traffic fines in line with guidance from the Director of Public Prosecutions and correction of prior year exceptions.

Cash & cash equivalents decreased by R11 425 and unallocated deposits decreased by R11 425 due to correction of duplicate entries.

A decrease in Receivables from exchange transactions of R32 822, a decrease in Receivables from non exchange transactions of R1 050, a decrease in Interes trading of R14 251, a decrease in Property rates of R1 050, a decrease in Rental of facilities of R6 and a decrease in Service charges of R18 564 occurred due to reversal of billing on RLM accounts in line with prior year exceptions raised.

Bulk purchases increased by R2 872 and Transfers and subsidies decreased by R2 872 due to a reclassification to improve disclosure.

Receivables from exchange transactions decreased by R49 575 and payables from exchange transactions decreased by R49 575 due to commission on prepaid sales that was withheld by Cigicell.

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

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

48. Prior period errors (continued)

	Previously reported	Prior period error	Restated amount
Statement of financial position - extract Current assets			
Receivables from exchange transactions	586 434	(373 055)	213 379
Receivables from non-exchange transactions	31 029	(7 468)	23 561
Cash and cash equivalents	485 370	136 850	622 220
Non-current assets			
Investment Property	157 437	(278)	157 159
Property, plant and equipment	9 083 072	(131 891)	8 951 181
Heritage Assets	1 369	5	1 374
Current liabilities			
Payables from exchange transactions	1 040 325	76 555	1 116 880
VAT Payable	213 009	(40 065)	172 944
Unspent Grants	198 759	(29 365)	169 394
 Statement of changes in net assets - extract			
Accumulated Surplus	7 780 457	(382 962)	7 397 495
 Statement of financial performance - extract			
Revenue			
Service Charges	2 840 897	(10 861)	2 830 036
Rental of facilities	8 927	(6)	8 921
Interest received - trading	389 582	(14 252)	375 330
Property Rates	378 141	(5 232)	372 909
Fines	11 303	(163)	11 140
Expenditure			
Bulk Purchases	2 032 951	20 435	2 053 386
Contracted Services	222 425	188	222 613
Transfers and subsidies	6 531	(2 872)	3 659
General expenses	348 962	74 485	423 447
Impairment loss	455 766	(4 728)	451 038

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 2020 and 30 June 2019 respectively:

	2020	2019	2020	2019
Statement of financial position				
Decrease in PPE	-	125 923	-	125 923
Decrease in Retained earnings	-	125 923	-	125 923
Increase in Heritage assets	-	5	-	5
Increase in Retained earnings	-	5	-	5
Decrease in Investment Property	-	278	-	278
Decrease in Retained earnings	-	278	-	278
Increase in Receivables from Exchange	51 513	-	51 513	-
Decrease in Receivables from exchange	-	2 334	-	2 334
Increase in Receivables from non exchange	-	663	-	663
Decrease in Retained Earnings	-	1 366	-	1 366
Decrease in VAT Payable	-	304	-	304
Increase in Receivables from exchange	8 857	-	8 857	-
Decrease in Receivables from non exchange	4 182	-	4 182	-
Increase in VAT Payable	1 155	-	1 155	-
Decrease in Retained earnings	-	176 457	-	176 457
Decrease in VAT Payables	18 861	13 129	18 861	13 129
Increase in Payables from exchange	145 048	189 587	145 048	189 587
Decrease in Payables from exchange transactions	-	59 321	-	59 321
Increase in Retained earnings	-	59 321	-	59 321

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020
48. Prior period errors (continued)				
Decrease in Retained earnings	-	34 488	-	34 488
Decrease in VAT Payable	3 752	5 173	3 752	5 173
Increase in Payables from exchange	21 315	39 661	21 315	39 661
Increase in Receivables non exchange	-	1 940	-	1 940
Increase in Retained earnings	-	1 940	-	1 940
Decrease in Receivables non exchange	1 192	-	1 192	-
Decrease in Payables from exchange	5 757	-	5 757	-
Increase in Cash & cash equivalents	-	148 276	-	148 276
Increase in Retained earnings	-	148 276	-	148 276
Decrease in Cash & cash equivalents	11 425	-	11 425	-
Decrease in Payables from exchange	11 425	-	11 425	-
Decrease in Receivables from exchange	32 822	94 919	32 822	94 919
Decrease in Receivables from non exchange	1 050	3 646	1 050	3 646
Decrease in Retained earnings	-	98 565	-	98 565
Decrease in Receivables from exchange	-	60 802	-	60 802
Decrease in Retained earnings	-	60 802	-	60 802
Decrease in Unspent Grants	-	29 365	-	29 365
Increase in Retained earnings	-	29 365	-	29 365
Decrease in PPE	-	5 968	-	5 968
Decrease in Retained earnings	-	5 968	-	5 968
Decrease in Receivables from exchange	49 575	192 976	49 575	192 976
Decrease in Payables from exchange	49 575	192 976	49 575	192 976
Statement of financial performance	2020	2019	2020	2019
Decrease in General Expenses	51 513	-	51 513	-
Decrease in Property Rates	4 182	-	4 182	-
Increase in Service Charges	7 703	-	7 703	-
Increase in Contracted services	189	-	189	-
Increase in General Expenses	125 998	-	125 998	-
Increase in Bulk Purchases	17 563	-	17 563	-
Decrease in Fines	163	-	163	-
Decrease in Impairment loss	4 728	-	4 728	-
Decrease in Interest trading	14 251	-	14 251	-
Decrease in Property rates	1 050	-	1 050	-
Decrease in Rental of facilities	6	-	6	-
Decrease in Service charges	18 564	-	18 564	-
Increase in Bulk purchases	2 872	-	-	-
Decrease in Transfers and subsidies	2 872	-	-	-
	2 020	2 019	2 020	2 019
Note to the financial Statements	-	-	-	-
Increase in Fruitless and Wasteful Expenditure	-	969	-	969
Decrease in Commitments	187 929	-	185 913	-
Increase in Irregular Expenditure	362 054	-	362 054	-

49. Comparative figures

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

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Figures in Rand thousand	2021	2020	2021	2020

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:

Gearing Ratio's

Debt	(351 620)	(479 711)	(351 620)	(424 960)
Cash and cash equivalents	506 025	622 220	411 333	552 189
Net Debt	154 405	142 509	59 713	127 229

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.

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	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

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.

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Figures in Rand thousand	Economic entity		Controlling entity	
	2021	2020	2021	2020

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 counter-party.

Investments/Bank, Cash and Cash Equivalents

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Figures in Rand thousand	Economic entity		Controlling entity	
	2021	2020	2021	2020

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

Rustenburg Local Municipality

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

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 - 2021	Economic entity - 2020	Economic entity - 2021	Controlling entity - 2021
Finance Lease Receivables	-	-	1 593	1 844
Receivables from exchange transactions	378 380	213 379	360 078	191 793
Receivables from non-exchange transactions	46 390	23 581	46 390	23 581
Cash and cash equivalents	506 025	622 220	411 333	552 189
Investments	814	775	815	776
Guarantees	29 288	29 421	29 288	29 421

Market risk

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	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

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 2021 - Economic entity 2021

Interest received for the year: -2%	298 189	(74 547)	Decrease in net surplus
Interest received for the year	372 736	-	
Interest received for the year: +2%	447 283	74 547	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 2020 - Economic entity 2020

Interest received for the year: -2%	326 751	(79 212)	Decrease in net surplus
Interest received for the year	405 963	-	
Interest received for the year: +2%	485 175	79 212	Increase in net surplus

Sensitivity analysis for financial instruments 2021 - Controlling entity 2021

Interest received for the year: -2%	296 142	(74 035)	Decrease in net surplus
Interest received for the year	370 177	-	
Interest received for the year: +2%	444 212	74 035	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 2020 - Controlling entity 2020

Interest received for the year: -2%	321 810	(78 015)	Decrease in net surplus
Interest received for the year	399 825	-	
Interest received for the year: +2%	477 840	78 015	Increase in net surplus

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	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

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

Rustenburg Local Municipality

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

51. Going concern (continued)

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.

We draw attention to the fact that at 30 June 2021, the following conditions existed:

- Current Liabilities exceed 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

Loans due to the value of R3 369 are included in current liabilities as a result of not meeting capital repayment requirements as per the contractual arrangements. This was due to cash flow timing delays. The matter was rectified before the consolidated annual financial statements were authorised for issue.

53. Unauthorised expenditure

Opening balance as previously reported	963 824	2 065 380	963 824	2 065 380
Opening balance as restated	963 824	2 065 380	963 824	2 065 380
Unauthorised Expenditure current year	-	-	-	-
Authorised during the financial year	(407 905)	(1 101 556)	(407 905)	(1 101 556)
Closing balance	555 919	963 824	555 919	963 824

54. Fruitless and wasteful expenditure

Opening balance as previously reported	29 487	2 965	29 487	2 965
Correction of prior period error	-	15 346	-	15 346
Correction of prior period error identified in the current year	-	969	-	969
Opening balance as restated	29 487	19 280	29 487	19 280
Expenditure incurred during the year	3 509	10 207	3 509	10 207
Closing balance	32 996	29 487	32 996	29 487

Expenditure incurred during the year resulted from interest and penalties levied to the value of R3 509.

55. Irregular expenditure

Opening balance as previously reported	5 702 093	5 130 981	5 702 093	5 130 981
Correction of prior period error	362 054	386 831	362 054	386 831
Opening balance as restated	6 064 147	5 517 812	6 064 147	5 517 812
Additional irregular expenditure identified	159 355	-	159 355	-
Irregular expenditure incurred during the year	93 185	184 281	93 185	184 281
Closing balance	6 316 687	5 702 093	6 316 687	5 702 093

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	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020
55. Irregular expenditure (continued)				
Analysis of irregular expenditure incurred current year - by nature				
Procurement process not followed for legacy contracts	11 174	70 555	11 174	70 555
Proper procurement process not followed	241 366	113 726	241 366	113 726
	252 540	184 281	252 540	184 281

Analysis of irregular expenditure incurred - by timing

Origin of irregular expenditure - Pre and 2018/2019	252 540	184 281	252 540	184 281
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Irregular expenditure identified during the current year is undergoing the process of being subjected to investigation. Full details are available in the irregular expenditure register.

56. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	16 731	15 243	16 731	15 243
Amount paid - current year	(16 731)	(15 243)	(16 731)	(15 243)
	-	-	-	-

Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA

Material Electricity and Water losses were as follows and are not recoverable:

Electricity	Units (kWh)	Units (kWh)	Units (kWh)	Units (kWh)
Purchased during the year	1 939 075	1 585 484	1 939 075	1 585 484
Sold during the year	(1 843 820)	(1 473 354)	(1 843 820)	(1 473 354)
Unaccounted - Normal distribution losses - % of electricity (2021 - 4,91%); (2020 - 7,07%)	95 255	112 130	95 255	112 130
Loss (R): At Cost	121 523	110 814	121 523	110 814

Electricity losses occur due to inter alia, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections. The problem with tampered meters and illegal connections is an on-going process, with regular action being taken against defaulters. Faulty meters are replaced or repaired as soon as they are reported.

Water	Units (kl)	Units (kl)	Units (kl)	Units (kl)
Purchased during the year	41 683	42 971	41 683	42 971
Sold during the year	(21 398)	(23 276)	(21 398)	(23 276)
Unaccounted - Normal distribution losses - % of water (2021 - 48,66%); (2020 - 45,83%)	20 285	19 695	20 285	19 695
Loss (R): At Cost	194 793	188 778	194 793	188 778

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.

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Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2021	2020	2021	2020
56. Additional disclosure in terms of Municipal Finance Management Act (continued)				
Audit fees				
Opening balance	1 097	687	1 097	687
Current year subscription / fee	13 569	11 722	12 671	10 775
Amount paid - current year	(11 602)	(11 312)	(10 704)	(10 365)
	3 064	1 097	3 064	1 097

PAYE and UIF

Current year subscription / fee	96 566	112 635	96 566	112 635
Amount paid - current year	(96 566)	(112 635)	(96 566)	(112 635)
	-	-	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	135 488	129 533	135 488	129 533
Amount paid - current year	(135 488)	(129 533)	(135 488)	(129 533)
	-	-	-	-

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2021:

30 June 2021	Outstanding less than 90 days	Outstanding more than 90 days	Total
Clr Malinga F	3	-	3
Clr Pelesi KL	2	2	4
Clr Nkosi LM	4	3	7
Clr Mokotedi KG	4	2	6
	13	7	20

30 June 2020	Outstanding less than 90 days	Outstanding more than 90 days	Total
Clr Mokotedi KG	3	3	6
Clr Kodongo	2	82	84
Clr Pelesi KL	4	13	17
Clr Nkosi LM	4	288	292
Clr Tsamai A	2	3	5
Clr Malinga F	2	7	9
Clr Magadane JB&GL	4	-	4
	21	396	417

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	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

57. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 38 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the consolidated annual financial statements.

The following services were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations:

Maintenance of Weighbridge
Maintenance of Pump Stations
Software Licences
Vehicle Tracking Services
Operation of landfill Site
Waste Collection
Upgrading of community facilities
Attending to Electrical failures
RRT Project
Water Demand and Water conservation
System Migration and Network Services
Legal Services
Hiring of Trucks
Advertising
RWST water and administration services

DEVIATION

Sefako Engineering (Pty) Ltd - 2020/2021/0012 - Water Demand Management (Construction and Implementation of the Project)

Ralema Consulting Engineers (Pty) Ltd - 2020/2021/0012 - Water Demand Management (Professional Services)

DKPB Construction (Pty) Ltd (Construction of Phatsima Roads and storm water Lefaragatlha)

CASE, KOMATSU SOUTH AFRICA AND MARCE PROJECTS (PTY) LTD - (Servicing and repairs of heavy duty trucks and yellow fleet)

COMMIX VISION PTY LTD (Tracking and Monitoring of Municipal Vehicles)

Opto Africa (Pty) Ltd - The repair, Maintenance, purchase of consumable and calibration of the weighbridge.

Jeezy T Construction & Projects (PTY) Ltd - Wet waste removal

REASONS

Water demand is an essential service for the infrastructure of Rustenburg. Pressure management within the water infrastructure needs continuous maintenance and upgrading to avoid damaging the infrastructure and increased water losses. Water demand is an essential service for the infrastructure of Rustenburg. Pressure management within the water infrastructure needs continuous maintenance and upgrading to avoid damaging the infrastructure and increased water losses.

The appointed service provider at that time (Batalala construction) had their contract terminated due to them failing to meet their contractual obligation of completing a project, to prevent community unrest, deterioration on work already executed. Such work include open trenches, piled material, road closure, temporary by-pass, layer works. A service provider was appointed to complete the project

Servicing of these vehicle by the manufactures will be beneficial to the municipality as the right material and quality will be used to service this fleet. The mechanical unit is not equipped with the right tools and expertise to perform this maintenance and repair functions

The municipality needs the services of fuel management and vehicle tracking to ensure service delivery to all areas of Rustenburg.

Opto-Africa is the sole Provider for the weighbridge software used at the Waterval Landfill Site.

Waste Collections is an essential service and RLM had no Compactor for Waste Collection. Wet waste Tender was readvertised three times and was not responsive in all those occasions until the appointment was done in May 2021.

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	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

57. Deviation from supply chain management regulations (continued)

Katlego Baphiring Enterprise - Wet waste removal

Waste Collections is an essential service and RLM had no Compactor for Waste Collection. Wet waste Tender was readvertised three times and was not responsive in all those occasions until the appointment was done in May 2021.

Losaba Services - Wet waste removal

Waste Collections is an essential service and RLM had no Compactor for Waste Collection. Wet waste Tender was readvertised three times and was not responsive in all those occasions until the appointment was done in May 2021.

Sethanye Trading and Projects - Wet waste removal

Waste Collections is an essential service and RLM had no Compactor for Waste Collection. Wet waste Tender was readvertised three times and was not responsive in all those occasions until the appointment was done in May 2021.

58. SCM regulation 45 disclosure

In terms of regulation 45 of the Municipal SCM regulations, the notes to the annual financial statements of a municipality must disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months including:

- (a) the name of that person;
- (b) the capacity in which that person is in the service of the state; and
- (c) the amount of the award

NATURE	NAME OF OFFICIAL	CAPACITY OF OFFICIAL	AMOUNT OF AWARD
Award made to Kabelo Monong Trading. Official is a spouse to the director	Ms. N Mofokeng	Senior Finance Clerk	R188
Award made to Kabelo Monong Trading. Official is a spouse to the director	Ms. N Mofokeng	Senior Finance Clerk	R118

59. Segment information

General information

Identification of segments

The segments were organised around the type of service delivered. Management uses these segments for determining strategic objectives.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Electricity	Trading services - electricity
Water	Trading services - water
Refuse	Trading services - refuse
Sewerage and sanitation	Trading services - sewerage and sanitation
Property rates	Levying of property rates

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Figures in Rand

59. Segment information (continued)

Segment surplus or deficit, assets and liabilities

Economic entity - 2021

	Property Rates	Electricity	Water	Sewerage and Sanitation	Refuse	Total
Revenue						
Revenue from non-exchange transactions	412 887	-	-	-	-	412 887
Revenue from exchange transactions	-	2 378 337	510 632	161 443	149 607	3 200 019
Government Grants & Subsidies	-	41 508	561 191	96 272	134 815	833 786
Other Revenue	148	846	26 535	252	819	28 600
Impairment reversal	-	51 038	-	-	-	51 038
Total segment revenue	413 035	2 471 729	1 098 358	257 967	285 241	4 526 330
Entity's revenue						4 526 330
Expenditure						
Employee Costs	31 425	46 013	71 235	27 046	50 323	226 042
Bulk Purchases	-	2 091 259	260 971	110 128	-	2 462 358
Other Expenses	19 225	189 978	270 448	1 816	179 138	660 605
Impairment loss	66 749	-	244 154	61 374	66 176	438 453
Total segment expenditure	117 399	2 327 250	846 808	200 364	295 637	3 787 458
Total segmental surplus/(deficit)						738 872
Assets						
Infrastructure Assets	-	701 634	1 024 902	430 362	-	2 156 898
Assets Included in WIP	-	74 911	236 595	74 912	39 097	425 515
Receivables - Gross	462 531	1 001 614	1 846 929	489 461	523 183	4 323 718
Receivables - Accumulated Impairment	(434 630)	(768 002)	(1 803 701)	(480 840)	(515 073)	(4 002 246)
Total segment assets	27 901	1 010 157	1 304 725	513 895	47 207	2 903 885
Total assets as per Statement of financial Position						2 903 885

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Figures in Rand

	Property Rates	Electricity	Water	Sewerage and Sanitation	Refuse	Total
59. Segment information (continued)						
Liabilities						
Loans	-	(170 291)	(132 748)	(23 761)	-	(326 800)
Total liabilities as per Statement of financial Position						(326 800)

The measurement basis and accounting policies of the reportable segments are consistent with that of the economic entity.

Controlling entity - 2021

	Property Rates	Electricity	Water	Sewerage and Sanitation	Refuse	Total
Revenue						
Revenue from non-exchange transactions	412 887	-	-	-	-	412 887
Revenue from exchange transactions	-	2 378 337	444 439	161 443	149 607	3 133 826
Government Grants & Subsidies	-	41 508	561 191	96 272	134 815	833 786
Other Revenue	148	846	181	252	819	2 246
Impairment reversal	-	51 038	-	-	-	51 038
Total segment revenue	413 035	2 471 729	1 005 811	257 967	285 241	4 433 783
Entity's revenue						4 433 783
Expenditure						
Employee costs	31 425	46 013	66 619	27 046	50 323	221 426
Bulk Purchases	-	2 091 259	421 209	110 128	-	2 622 596
Other Expenses	19 225	189 978	111 072	1 816	179 138	501 229
Impairment loss	66 749	-	241 206	61 374	66 176	435 505
Total segment expenditure	117 399	2 327 250	840 106	200 364	295 637	3 780 756
Total segmental surplus/(deficit)						653 027

Rustenburg Local Municipality

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Figures in Rand

59. Segment information (continued)

Assets						
Infrastructure Assets	-	701 634	451 584	430 362	-	1 583 580
Assets Included in WIP	-	74 911	236 595	74 912	39 097	425 515
Receivables - Gross	462 531	1 001 614	1 828 689	489 461	523 183	4 305 478
Receivables - Accumulated Impairment	(434 630)	(768 002)	(1 803 701)	(480 840)	(515 073)	(4 002 246)
Total segment assets	27 901	1 010 157	713 167	513 895	47 207	2 312 327
Total assets as per Statement of financial Position						2 312 327
Liabilities						
Loans	-	(170 291)	(132 748)	(23 761)	-	(326 800)
Total liabilities as per Statement of financial Position						(326 800)

The measurement basis and accounting policies of the reportable segments are consistent with that of the municipality.

60. Budget differences

Material differences between budget and actual amounts

Rustenburg Local Municipality

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Figures in Rand thousand	Economic entity		Controlling entity	
	2021	2020	2021	2020

60. Budget differences (continued)

Controlling entity:

Agency Services - Budgeted for collection of license disks which is the full amount collected. Budget was based on the full amount received for Agency fees, whereas only 20% belongs to the Municipality, 80% of the funds received belongs to the North West Department of Transport and should not have been included.

Interest Received (Trading) - Decrease due to reversal of interest billed on own accounts in line with prior year audit findings. Furthermore prime interest rate decreased as part of monetary policy measures to combat the pandemic which resulted in a lower interest charge.

Licences and Permits - Decrease due to impact of the Covid 19 pandemic. Fewer renewals and waiving of penalties for late renewals.

Interest Received (Investments) - Due to substantial decrease in the balance of Cash & cash equivalents from the previous financial year. Lower bank and investments balances will result in lower interest income.

Fines - We used collection of fines as a base for budgeting instead of fines issued as per iGRAP. Furthermore additional fines were issued for non compliance to covid regulations.

Depreciation and Amortisation - Various duplicates and unsupported entries were removed from the asset registers resulting in a lower depreciation charge for the year.

Impairment Losses - Decrease in line with year end assessment and impairment methodology on the collectability of debtors. Budget was based on a projected collection rate.

Finance Costs - Inadequate provision during the budgeting process. Impact of employee benefits, leases and SARS was not considered.

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

Repairs and Maintenance - Increase due to various unplanned electrical outages during the financial year.

Bulk Purchases - Inadequate provision during the budgeting process. Increased usage and consumption due to easing of various restrictions under the Disaster Management Act.

Transfers and Subsidies - Lower than expected MIG claims by the municipal entity.

Contracted Services and General Expenses - Combined decrease due to cost containment measures. Various reclassifications between these two items in line with the latest mSCOA chart.

Gain on disposal of assets and liabilities - No gains realised during the financial year as disposal of various developments did not materialise.

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 2020 to 30 June 2021.

Changes from the approved budget to the final budget

Rustenburg Local Municipality

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	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

60. Budget differences (continued)

The changes between the approved and final budget are a consequence of changes in the overall budget parameters. Further details of the changes are included in the municipality's published adjustments budget for the year ended 30 June 2021.

Financial Performance	Original Budget	Adjustments	Adjusted Budget
Property rates	398 240	-	398 240
Service charges	3 339 988	(60 000)	3 279 988
Rental of facilities and equipment	10 498	-	10 498
Interest received - other	27 312	-	27 312
Interest received (trading)	395 409	-	395 409
Fines, penalties and forfeits	9 000	-	9 000
Licences and Permits	11 913	-	11 913
Agency services	100 849	-	100 849
Government Grants and Subsidies Received	1 327 592	67 267	1 394 859
Other income	15 001	-	15 001
Gains on disposal of assets	14 035	-	14 035
Total revenue	5 649 835	7 267	5 657 102
Employee related costs	792 398	6 911	799 309
Remuneration of councillors	64 306	-	64 306
Impairment losses	898 087	-	898 087
Depreciation and Amortization	507 217	-	507 217
Finance charges	43 444	515	43 959
Bulk purchases	1 358 419	564 917	1 923 336
Repairs and Maintenance	55 670	(178)	55 492
Contracted services	394 970	44 492	439 462
Transfers and subsidies	18 684	50	18 734
General expenses	230 495	(120)	230 375
Total expenditure	4 363 690	616 587	4 980 277
Surplus / (Deficit) for the year	1 286 145	(609 320)	676 825
	-	-	-

6.3 POST AUDIT ACTION PLAN (PAAP) – AUDIT REPORT FINDINGS 2020-2021

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
Non-current assets Property, plant and equipment	Infrastructure assets: Overall limitation on testing infrastructure related assets due to significant restrictions on the information in the fixed asset register (Iss 1, Iss. 51, Iss 224, Iss 225, Iss 228, Iss 278, Iss 298)	FMS	Assets verification has already ensued to ensure the completeness of the assets register, packaging co-ordinates and all supporting documents to support the populated infrastructure assets in the register	31st July 2022
	Work-in-progress Limitation due to the fact that the WIP register is not accurate, which result in material unexplained difference between the GL and underlying register (Iss 1, Iss 48, Iss 182, Iss 183, Iss 185, Iss 278, Iss 285, Iss 288)		The appointed assets management consultant is already working on previous and current WIP register to identify anomalies that require corrections and restating of previous year WIP figures.	30th June2022
	Land and buildings Limitation regarding the correct classification of land ito GRAP 17 and iGRAP 18 (Iss 1, Iss 66, Iss 198, Iss 226, Iss 295, Iss 296, Iss 303)		Land and buildings components will be revisited including linking it to the valuation roll, verification of ownership through deeds to assist	31st July 2022

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
			in correct classification of each piece of land and buildings	
Current liabilities Payables from exchange transactions	Unallocated deposits Limitation of scope on testing unallocated deposits due to the unavailability of detailed registers, per individual outstanding balance, in support of the financial statements (Iss. 37, Iss 72)	FMS	The registers were send however were not in accordance with the AGSA requirements. This is mainly due to various operating ineffectiveness surrounding the processing and management of this Accounts. The Unallocated Registers consist of various Accounts which interlink due to the nature of some transactions. Seven Accounts or more of Unallocated Deposits are used by various users to transact within the Municipality. The main issue is that; there are no proper systems in place to manage, monitor and report accordingly as per AGSA recommendations. Due to the high volume of this transactions on this	30-Jun-22

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
			<p>Accounts, the nature and type, the way transactions are processed, it is extremely difficult, if not impossible to match, clear and sort this transactions as per Auditors conclusions especially without effective systems in place to do that. One must be in cognizance that, some of this transactions do not have proper descriptions and some emanate from previous financial periods.</p> <p>Due to the above, it is clear that the municipality need a monitoring tool or effective system in place to easily manage this accounts as per AGSA requirements. A service provider was engaged in several times to assist and come up with measures to manage this accounts properly. One of the request was to include reference numbers or event</p>	

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
			<p>numbers on the system so that it becomes easier to match this type of transactions with the same common factor been the reference numbers. The process was also reviewed by the Revenue section and Cashbook came up with an interim solution to include the event no's on the description when capturing the transactions on the system. The misalignment of transactions due to shortcodes were also rectified during the process by the Service Provider and the team.</p> <p>Due to shortage of staff, it is also very difficult to easily manage and monitor this Accounts properly, formulate comprehensive registers which can be easily understood by the AGSA team, because the whole process is cumbersome exercise and</p>	

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
			<p>request more time and more than one employee to focus on completing the registers, it was requested that the Municipality employ personnel who can focus entirely on this exercise.</p> <p>A submission to fill vacant positions within the structure was submitted to the CFO and the Accounting Officer.</p>	
	<p>VAT payable</p> <p>Overall limitation on testing the VAT balance due to significant differences between the amount recognised in the AFS and the underlying supporting registers (Iss 324)</p>		<p>Correct the ageing supplier listing/database and ensure if the database is correct, tax number must be removed and replaced by vat number</p> <p>The system vendor to develop and implement a report that will indicate amount exclusive/ inclusive of vat.</p>	

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
			<p>The report will be reconciled monthly against the Input vat control account</p> <p>If there are any differences will have to pass a journal to write them off</p>	
Revenue Service charges	Refuse removal: Limitation – Unable to trace properties to the valuation roll to confirm correctness of service charges This might have a consequential impact on consumer debtors : refuse removal (Iss 241, Iss 243, Iss 250)	BILLING	What caused this limitation was "owner accounts" with dummy stand numbers which were opened before Municipal Property Rates Act was implemented. The unit is busy deactivating these accounts and reversing charges attached to them. DTIS will be requested to go and remove infrastructure in these dummy stands, which will force owners to come to the municipality so their consumption charges can be	30-Jun-22

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
			linked to the proper rates and taxes accounts	
	Sanitation charges Limitation - Unable to trace properties to valuation roll to confirm correctness of service charges (Iss 241, Iss 243, Iss 250)		What caused this limitation was "owner accounts" with dummy stand numbers which were opened before Municipal Property Rates Act was implemented. The unit is busy deactivating these accounts and reversing charges attached to them. DTIS will be requested to go and remove infrastructure in these dummy stands, which will force owners to come to the municipality so their consumption charges can be linked to the proper rates and taxes accounts	

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
	<p>Sale of Electricity</p> <p>Unable to trace properties to valuation roll to confirm correctness of services charges</p> <p>Estimates for more than 18 months, therefore accuracy could not be performed (Iss 255)</p> <p>Limitation to confirm the completeness of electricity charges due to insufficient supporting evidence.</p> <p>This might have a consequential impact on consumer debtors : electricity (Iss 134, Iss 271, Iss 315)</p>		<p>What caused this limitation was "owner accounts" with dummy stand numbers which were opened before Municipal Property Rates Act was implemented. The unit is busy deactivating these accounts and reversing charges attached to them. DTIS will be requested to go and remove infrastructure in these dummy stands, which will force owners to come to the municipality so their consumption charges can be linked to the proper rates and taxes accounts</p> <p>There was a lot of intimidations for meter readers in the past three years which led to a high number of estimates as well as the time in which these estimates were charged. From March 2022, Councillors indicated that there are no longer no go areas. This will</p>	

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
			assist in reducing the number of estimates and reducing the time to three months where there is access to the meter.	
	<p>Property rates charges</p> <p>Limitation to confirm the completeness of property rates due to insufficient documentation (Iss. 271)</p> <p>This might have a consequential impact on consumer debtors : property rates</p>		<p>What caused this limitation was "owner accounts" with dummy stand numbers which were opened before Municipal Property Rates Act was implemented. The unit is busy deactivating these accounts and reversing charges attached to them. DTIS will be requested to go and remove infrastructure in these dummy stands, which will force owners to come to the municipality so their consumption charges can be</p>	

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
			linked to the proper rates and taxes accounts	
Disclosure Irregular expenditure (disclosure note 53)	Limitation relating to 2017/18 closing balance was not addressed [Issue 275]	SCM	The Municipality will engage the SCM Officials, Expenditure Officials FMS and the Internal Audit Division so that the 2017/18 closing balance can be reviewed and appropriately supported. The opening balance of the Annual financial statements will then be updated accordingly and a detailed recon of the balance together with the supporting evidence made available to the AGSA after review by the Internal Audit department.	31-May-21

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
Emphasis of matters Unauthorised and fruitless and wasteful expenditure	As disclosed in note 53 to the consolidated and separate financial statements, unauthorised expenditure of R555 919 000 and R963 824 000 in respect of prior years was not investigated	FC	From the opening balance of R963 million, Council authorised R408 million in terms of S32 of the MFMA in June 2021. The approval of the remaining bal of R556 million is anticipated to be finalized before then end of the 2021/22 financial year. The R556 million is broken down into non-cash items of R550 million and cash items of R6 million. BTO and MPAC have concluded their work and submitted their investigative reports for the R550 million non-cash items, which is awaiting council approval. This served before the previous as well as the current MPAC. BTO has performed the analysis of the R6 million cash items and is awaiting the investigation / sign-off from user directorates.	30 June 2022

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
			CFO to develop recovery plan and arrange session with responsible directorates to develop and finalise report on cash items.	
	As disclosed in note 54 to the consolidated and separate financial statements, fruitless and wasteful expenditure of R3 509 000 was incurred in the current year and fruitless and wasteful expenditure of R29 487 000 from prior years were not investigated.	FMS	The fruitless and wasteful expenditure must be reported to council before end of June 2022	30-Jun-22
Emphasis of matters Material losses	As disclosed in note 56 to the consolidated and separate financial statements, material water losses of R194 793 000 (2020: R188 778 000) was incurred as a result of water lost through the distribution process, which represents 48.66% (2020: 45,83%) of total water purchased.	Water	Water losses include physical and commercial losses. The plan to address physical losses is currently underway with the following projects: Water demand and water conservation management project, AC pipe replacement, Night flow monitoring through the implementation of restrictions. We are also embarking on a process to install prepaid meters	Ongoing

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
			this will address our commercial losses of 37% that is caused by inaccurate billing and bypassed meters.	
	As disclosed in note 56 to the consolidated and separate financial statements, material electricity losses of R121 523 000 (2020: R110 814 000) was incurred as a result of electricity lost through the distribution process, which represents 4.91% (2020: 7.07%) of total electricity purchased.	Electrical	Electricity losses is a result of technical and no-technical losses. To address non technical losses inspections are conducted on suspected meter tampering and replacement of stuck and faulty meters. Plans are also in place to remove illegal electricity connections within RLM area of supply. Technical losses are due to old infrastructure and long distribution lines. As and when funds become available upgrade of infrastructure is done as per the master plan and maintenance plan. However this is hampered by ongoing vandalism of infrastructure where RLM end up	

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
			responding to current challenges instead of upgrading the infrastructure. EEDSM program is also implemented to reduce municipal own consumption. Meters for large power users are read using the AMR system hence reducing estimations of meter readings.	
Compliance with legislation	<p>Financial statements</p> <p>The consolidated financial statements were not submitted to the Auditor-General, for auditing, within three months after the end of the financial year, as required by section 126(1)(b) of the MFMA.</p>	FC	<p>The audit was concluded within a reasonable timeframe for the 2020/21 financial year.</p> <p>Furthermore the municipality was able to clear 8 qualification areas during this audit. This will ease the preparation process and the municipality will start with AFS preparation meetings in April 2022</p>	30-Jun-22

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
		FMS	to avoid any possible delayed submission of the AFS.	
		REVENUE		
		SCM		

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
	<p>Strategic planning and performance management</p> <p>The performance of the Rustenburg Water Service Trust was not monitored and reviewed as part of the annual budget process, as required by section 93B(b) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA).</p>	Strategy & Planning	<p>A remedy has been put in place. The performance of the Rustenburg Water Service Trust was monitored and reviewed for the 2021/2022 financial. performance assessment for the accounting officer was conducted specifically for the mid year. Report of such assessment formed part of the midyear report. The signed attendance register for the assessment is attached hereto as an annexure. The accounting officer of the parent Municipality shall going forward continue to monitor and assess performance of the RWST.</p>	Ongoing
	<p>Asset management</p> <p>An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.</p>	FMS	<p>Market Demand has been appointed to ensure that a financial assets management system is in place to account for all municipal assets. The system will assist in updating all assets</p>	31st July 2022

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
			automatically using for completeness of the assets register.	
	<p>Expenditure management</p> <p>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. The majority of the disclosed irregular expenditure was caused by awarding of contracts without following a competitive bidding process.</p>	SCM	<p>Key consideration is to make use of the internal audit to review the tender process prior to award. The auditors will be tasked with reviewing bidding process from specification ,evaluation and adjudication. The auditors will then indicate to both Chairpersons of the Bid Evaluation Committee and Bid Adjudication Committee on any issues identified and how these could be addressed/resolved. This process will finally allow the accounting officer to appoint or reject the bid once the process has been properly followed.</p> <p>Expenditure on contracts will also be monitored to ensure that</p>	Ongoing

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
			payments are made to service providers who are dully appointed and that the payments are within the contract amount and in exceptional circumstances within the contract variation amounts.	
	Revenue management An effective system of internal control for revenue was not in place, as required by section 64(2)(f) of the MFMA.	Billing	What caused this concern from the AG's office were the limitations raised by the AG. There are strategies to address the limitations which should eliminate this concern from the AG.	30-Jun-22

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
	<p>Procurement and contract management</p> <p>50. 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(1)(a).</p> <p>51. Sufficient appropriate audit evidence could not be obtained that contracts were awarded only to bidders who submitted a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c).</p> <p>52. Some of the contracts and quotations were awarded to bidders based on preference points that were not allocated and calculated in accordance with the requirements of section 2(1)(a) of the Preferential Procurement Policy Framework Act and its regulations. Similar non-compliance was also reported in the prior year.</p> <p>53. Some of the contracts and quotations were awarded to bidders that did not score the highest points in the evaluation process, as</p>	SCM	<p>Quotations will only be approved by the relevant delegation of authority after obtaining three quotations. The three quotations should be attached to the procurement and payment pack and the lowest bidder should be appointed. Where the lowest bidder is not appointed there should be solid reasons why such bidder was not appointed. The Municipality has created a supplier database in order to selected service providers of goods and services.</p> <p>Prior to appointment of bidders, the completion of the MBD forms will be enforced strictly. Bidders who do not fully complete the MBD Forms will be disqualified immediately from the bidding process. Due diligence should be conducted prior the awarding of</p>	Immediately

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
	<p>required by section 2(1)(f) of Preferential Procurement Policy Framework Act and 2017 Preferential Procurement Regulations 11.</p> <p>54. Some of the invitation to tender for procurement of commodities designated for local content and production, did not stipulated the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(2).</p> <p>55. Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis as required by section 116(2) of the MFMA. Similar limitation was also reported in the prior year.</p>		<p>contracts.</p> <p>Where goods which are subject to local content regulations only those bidders who have furnished the necessary local content declaration will be considered. Bidders who satisfy the local content thresholds of the relevant sector will the be evaluated and subsequently be recommended to the accounting officer for appointment. The Municipality will have to organise SCM training on regular basis in order to abreast official serving in the Bid Committees with various legislative prescripts regulating the procurement of goods and services.</p>	

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
Predetermined objectives	COMM 32: Issue 108: Predetermined Objectives: Reported targets are consistent with planned targets	Strategy & Planning	The performance indicators will be revised during mid-term revision sessions to ensure reported targets align to planned targets	Apr-22
	COMM 07: Issue 38 - Predetermined objectives: Non-compliance - strategic planning		Include all strategic objectives as they appear in the IDP to ensure consistency	May-22
	COMM 15: Issue 65 - Predetermined Objectives: Measurability - Indicator not well defined		Predetermined objectives will be refined as guided by joints circular Circular 88. to ensure measurability of indicators and synchrony between directorates and the top layer SDBIP.	May-22
	COMM 15: Issue 61 - Predetermined objectives: Measurability - Target of indicator is not time bound		Predetermined objectives will be refined as guided by joints circular Circular 88. to ensure measurability of indicators and synchrony between directorates and the top layer SDBIP.	May-22

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
	COMM 32: Issue 99 - Predetermined Objectives: Limitation of scope - Information not received (RFI 76)		Portfolio of evidence will be provided for each indicator. All evidence provided to be filed through the record management system in line with the approved filing plan.	Apr-22
	COMM 15: Issue 94 - Predetermined objectives - Limitation of scope - Information not submitted (RFI 70)		Portfolio of evidence will be provided for each indicator. All evidence provided to be filed through the record management system in line with the approved filing plan.	Apr-22
	COMM 15: Issue 93 - Predetermined objectives - Limitation of scope - Information not submitted (RFI 68)		Portfolio of evidence will be provided for each indicator. All evidence provided to be filed through the record management system in line with the approved filing plan.	Apr-22
	COMM 32: Issue 100 - Predetermined Objectives: Limitation of scope - Information not received (RFI 80)		Portfolio of evidence will be provided for each indicator. All evidence provided to be filed through the record management	Apr-22

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
			system in line with the approved filing plan.	
	COMM 87: Issue 253 - Predetermined objectives - Water losses % in APR does not agree to AFS		In addition to IWA standards to calculate water losses, a common reporting standard will be established to ensure alignment of reported information within the Annual Financial Statements which does not cause contradiction.	May-22

6.3 ANNUAL PERFORMANCE OF THE RUSTENBURG WATER SERVICES TRUST

RUSTENBURG WATER SERVICES TRUST



ANNUAL PERFORMANCE REPORT

1 JULY 2020 TO 30 JUNE 2021

Prepared for:



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PERFORMANCE REPORT FOR RUSTENBURG LOCAL MUNICIPALITY ON THE RUSTENBURG WATER SERVICES TRUST FOR THE PERIOD 1 JULY 2020 TO 30 JUNE 2021

1. TERMS OF REFERENCE FOR THE RUSTENBURG WATER SERVICES TRUST (RWST)

The following report is the result of a performance assessment of the Rustenburg Water Services Trust, for the 12-month period from 1 July 2020 to 30 June 2021. 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 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 Waste Water Treatment Works
 - Boitekong Waste Water Treatment Works
 - Monakato Waste Water Treatment Works
 - Lethabong Waste Water 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-month period from 01 July 2020 to 30 June 2021:

Section A: Waste Water Treatment Works

Rustenburg Waste Water Treatment Works

Year	Plant Compliance	Availability of M&E equipment	Plant capacity	Average Production
2019/2020	84.3%	92.3%	42 Mℓ/d	44.18 Mℓ/d
2020/2021	77.9%	96.4%	42 Mℓ/d	46.18 Mℓ/d

(Refer to section 10 for the detailed report).

Boitekong Waste Water Treatment Works

Year	Plant Compliance	Availability of M&E equipment	Plant capacity	Average Production
2019/2020	80.7%	69.1%	8 Mℓ/d*	9.75 Mℓ/d
2020/2021	75.9%	100%	24 Mℓ/d	15.93 Mℓ/d

(Refer to section 11 for the detailed report).

*Upgrading & extension of works to increase capacity to 24 Mℓ/d was completed in June 2020.

Monakato Waste Water Treatment Works

Year	Plant Compliance	Availability of M&E equipment	Plant capacity	Average Production
2019/2020	57.4%	92.2%	1,0 Mℓ/d	2.55 Mℓ/d
2020/2021	54.7%	98.3%	1,0 Mℓ/d	2.56 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.

A contractor was appointed to implement some improvements on the plant, but these failed to improve the overall effectiveness of the Works. Further modifications, in line with the business plan, are required.

Lethabong Waste Water Treatment Works

Year	Plant Compliance	Availability of M&E equipment	Plant capacity	Average Production
2019/2020	83.4%	97.1%	2 Mℓ/d	1.49 Mℓ/d
2020/2021	77.8%	96.7%	2 Mℓ/d	0.45 Mℓ/d

(Refer to section 12 for the detailed report).

Section B: Water Treatment Works

Bospoort Water Treatment Works

Year	Plant Compliance	Availability of M&E equipment	Plant capacity	Average Production
2019/2020	98.1%	96.2%	12 Mℓ/d	9.86 Mℓ/d
2020/2021	90.2%	98.3%	12 Mℓ/d	10.29 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
2019/2020	97.4%	100%	2 Mℓ/d	0.592 Mℓ/d
2020/2021	98.8%	99.2%	2 Mℓ/d	0.955 Mℓ/d

(Refer to section 16 for the detailed report).

Compliance Legend:

	100%
	66% - 99%
	33% - 65%
	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 effluent 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 waste water treatment and for the supply of up to 14 Mℓ/d potable water to Rustenburg Local Municipality from the Bospoort Water Treatment Works (design capacity 12 Mℓ/d) as well as the Kloof Water Treatment 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 treatment works).

- | | |
|--|---------------------------|
| • Rustenburg Waste Water Treatment Works | (42 Mℓ/d design capacity) |
| • Boitekong Waste Water Treatment Works | (24 Mℓ/d design capacity) |
| • Monakato Waste Water Treatment Works | (1 Mℓ/d design capacity) |
| • Lethabong Waste Water Treatment Works | (2 Mℓ/d design capacity) |
| • Kloof Water Treatment Works | (2 Mℓ/d design capacity) |
| • Bospoort Water Treatment 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. This is uncontrollable.
- 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 influences the treatment processes, which in turn may affect the production. This is outside the control of the Trust.
- 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 waste water treatment plants, it is important to understand that the operator cannot influence the incoming flow volumes. The flows vary, not only daily but also seasonally and it will also, increase over the years. At this stage the capacity of the Rustenburg and Monakato Waste Water Treatment Works are insufficient during high inflow conditions.

In the case of Boitekong the inflow used to exceed the capacity of the plant which is why the recent augmentation and extension of the plant was carried out to increase the capacity to 24 Mℓ/day.

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 01 September 2014. The current three-year contract expired on 30 August 2017 and is extended on a month-to-month basis until the process to appoint a new Service Provider has been concluded.

In addition to the plant Operator, the Trust has also contracted with 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 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

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 carry out adjustments to the process to sustain the quality of the final product. These reports must 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 the monthly reports are discussed amongst others, and various adjustments are considered to improve performance. Other reports which are submitted monthly contain records of the repairs, refurbishments and reinstatements carried out on all the plants during the previous month.

Some performance indicators are generic, and apply to all plants in general, whilst some indicators are plant related. The performance measurement of those indicators which are plant related will be reported on at the section dealing with the specific plants, while the generic indicators are reported on in table 1 below.

Table 1: Performance measurement against generic performance indicators

Determinant	Performance standard	Performance achieved	Compliance 30 June 2020	Compliance 30 June 2021
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 by WSSA, and the report submitted.	Compliant	Compliant
Date	Monthly reports to be submitted by the 7 th business day of the following month	<u>2019/2020</u> July 2019 - June 2020	Compliant	Compliant
		<u>2020/2021</u> July 2020 - June 2021		

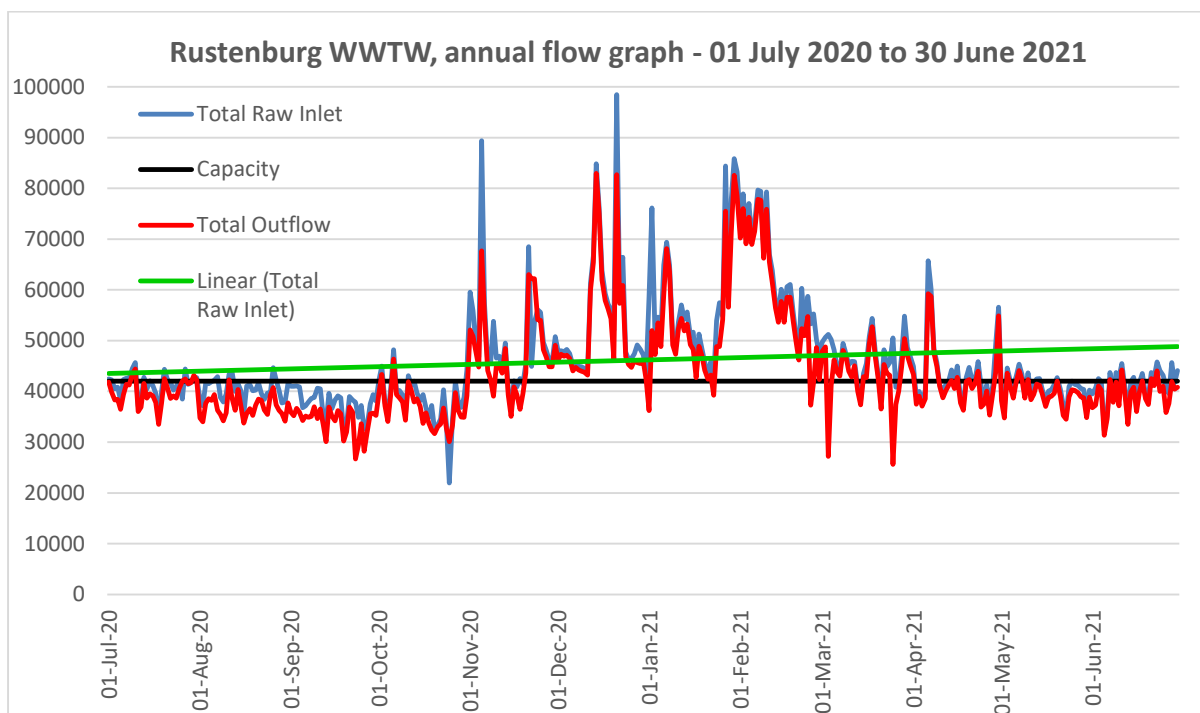
9. PERFORMANCE VERIFICATION

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 six plants is 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 advice 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 is monitored continuously.

WASTE WATER TREATMENT WORKS

10. RUSTENBURG WASTE WATER TREATMENT WORKS

The Rustenburg Waste Water Treatment Plant has a design capacity of 42 Mℓ/d consisting of a 30 Mℓ/d biological nutrient removing activated sludge plant (2x15 Mℓ/d modules) plus a 12 Mℓ/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 2020 was 46.18 Mℓ/d, which is more than the 44.18 Mℓ/d of the preceding 12 months. A minimum daily flow of 21.97 Mℓ/d was recorded whilst the maximum daily flow was 98.48 Mℓ/d, which is more than double the design capacity.

Effluent supplied as per the Off-Take Agreements

As per off-take agreement between the RWST and the mines, a total of 25 Mℓ/d treated effluent water from the Rustenburg WWTW is to be made available for use as processed water. Of this 10 Mℓ/d is allocated to Impala and 15 Mℓ/d to Anglo Platinum.

In terms of an amended agreement with the Anglo Platinum, the 15 Mℓ/d treated effluent supplied is further treated in the dissolved air flotation (DAF) unit.

The average supplied volume is detailed in the table below.

Table 2: Average daily availability of treated effluent

Mine Name	Target	Average daily availability for the period	Compliance %
Anglo Platinum	15 Mℓ/d	16.88 Mℓ/d	100%
Impala	10 Mℓ/d	14.39 Mℓ/d	100%
Total	25 Mℓ/d	31.27 Mℓ/d	100%

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 150 mS/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 0CFU/100mℓ
- Free Chlorine not to exceed 0.2 mg/ℓ
- Orthophosphate not to exceed 1.0 mg/ℓ

Table 3 below gives an indication of the performance of the plant during the period under review, 1 July 2020 to 30 June 2021 with respect to the DWS standards.

Table 3: Quality Measurement at Rustenburg Waste Water Treatment Works (DWS Standards)

Determinant	Performance standard	Previous Performance 01 July 2019 - 30 June 2020		Current Performance 01 July 2020 - 30 June 2021	
		Performance achieved	Compliance %	Performance achieved	Compliance %
• pH	• 6.5 - 8.5	• 6.86 - 8.45	100%	• 7.49 - 8.07	100%
• Elec. Conductivity	• <150mS/m	• 66.3 - 111.0 mS/m	100%	• 72.1 - 119.0 mS/m	100%
• COD	• < 75 mg/ℓ	• 14.6 - 67.0 mg/ℓ	100%	• 21.0 - 94.0 mg/ℓ	92%
• Ammonia	• <1 mg/ℓ	• 0.28 - 18.6 mg/ℓ	33%	• 0.10 - 37.8 mg/ℓ	58%
• Nitrate	• < 6 mg/ℓ	• 0.19 - 6.27 mg/ℓ	92%	• 0.10 - 6.31 mg/ℓ	92%
• Suspended Solids	• < 10 mg/ℓ	• 2 - 25 mg/ℓ	92%	• 2 - 14 mg/ℓ	92%
• E-coli	• < 0 / 100mℓ	• 0 - 201 / 100mℓ	92%	• 0 - 85 / 100mℓ	58%
• Free Chlorine	• < 0.20 mg/ℓ	• 0.01 - 0.30 mg/ℓ	83%	• 0.01 - 0.20 mg/ℓ	92%
• Orthophosphate	• < 1.0 mg/ℓ	• 0.12 - 2.45 mg/ℓ	67%	• 0.76 - 4.24 mg/ℓ	17%
OVERALL COMPLIANCE			84.33%		77.9%

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 4: 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 ₄	mg/l	0 - 200	200	300
Cl	mg/l	0 - 450	450	500
Turbidity	NTU	0 - 10	10	15
E. coli	CFU/100ml	0	0	1000
Total Plate Count	CFU/100ml	0 - 1000	1000	10000

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 parameters are NOT controllable by the DAF process but are measured, as they may have an impact on the processes at Anglo should the parameters be exceeded, and thus need to be reported on. pH, Alkalinity, TDS & Na. Na is not measured.

Table 5 below gives an indication of the performance of the DAF plant during the period under review, 01 July 2020 to 30 June 2021, and includes the performance of the previous period.

Table 5: Quality Measurement - Rustenburg Waste Water Treatment Works (Anglo standards)

Determinant	Performance standard	Previous Performance 01 July 2019 - 30 June 2020		Current Performance 01 July 2020 - 30 June 2021	
		Performance achieved	Compliance %	Performance achieved	Compliance %
pH	7.5 - 7.8 pH-Units	7.29 - 8.25 pH-Units	70.2% ¹	7.50 - 7.90 pH-Units	58% ¹
TOC	< 20 mg/l	6.5 - 13.9 mg/l	100%	8.48 - 19.0 mg/l	100%
COD	60 mg/l	8 - 72 mg/l	99.2%	22 - 135 mg/l	92%
TSS	< 8 mg/l	1.0 - 49 mg/l	81.9%	2.0 - 14.0 mg/l	75%
Alkalinity	<300 mg/l	102 - 298 mg/l	100% ¹	127 - 284 mg/l	100% ¹
Ammonia	5 mg/l	0.16 - 43.0 mg/l	55.8%	0.10 - 30.4 mg/l	92%
Nitrate	10 mg/l	0.4 - 12.1 mg/l	97.5%	4.06 - 11.4 mg/l	92%
O-Phosphate	< 9 mg/l	0.3 - 29.6 mg/l	99.5%	1.06 - 3.85 mg/l	100%
Fats	< 4 mg/l	0.5 - 0.7 mg/l	100%	0.5 - 2.0 mg/l	100%
TDS	1800 mg/l	325 - 744 mg/l	100% ¹	423 - 775 mg/l	100% ¹
Ca	0 - 350 mg/l	29.3 - 42.2 mg/l	100% ¹	28.5 - 40.7 mg/l	100% ¹
Mg	0 - 75 mg/l	17.8 - 26 mg/l	100% ¹	18.4 - 27.8 mg/l	100% ¹
Na	0 -150 mg/l	52.5 - 78.6 mg/l	100% ¹	44.0 - 96.6 mg/l	100% ¹
SO ₄	0 – 200 mg/l	62.1 - 99.4 mg/l	100% ¹	57.9 - 119.0 mg/l	100% ¹
Cl	0 – 450 mg/l	79.3 - 144 mg/l	100%	72.5 - 135.0 mg/l	100%
Turbidity	0 - 10 NTU	1.02 - 21.3 NTU	98.4%	1.42 - 10.8 NTU	92%
E. coli	0 CFU/100ml	0 - 12000 CFU/100ml	72%	0 - 2000 CFU/100ml	58%
Flow available (Average)	15Ml/d (Min)	0.0 - 20.2 Ml/d (15.96) Ml/d	100% ²	0.0 - 23.3 Ml/d (16.88) Ml/d	92% ²
OVERALL COMPLIANCE			93.0%		91.7%

Notes

1 The current plant is not equipped to adjust these parameters.

2 Average flow is currently not in the Business Plan but will be included in the future. Compliance based on daily average flow over each monthly period.

Design and Construct

No construction took place during the period under review.

Performance Review

The plant performance was slightly lower over the last 12 months when compared to the previous 12 months, in respect of compliance.

Restitution Measures

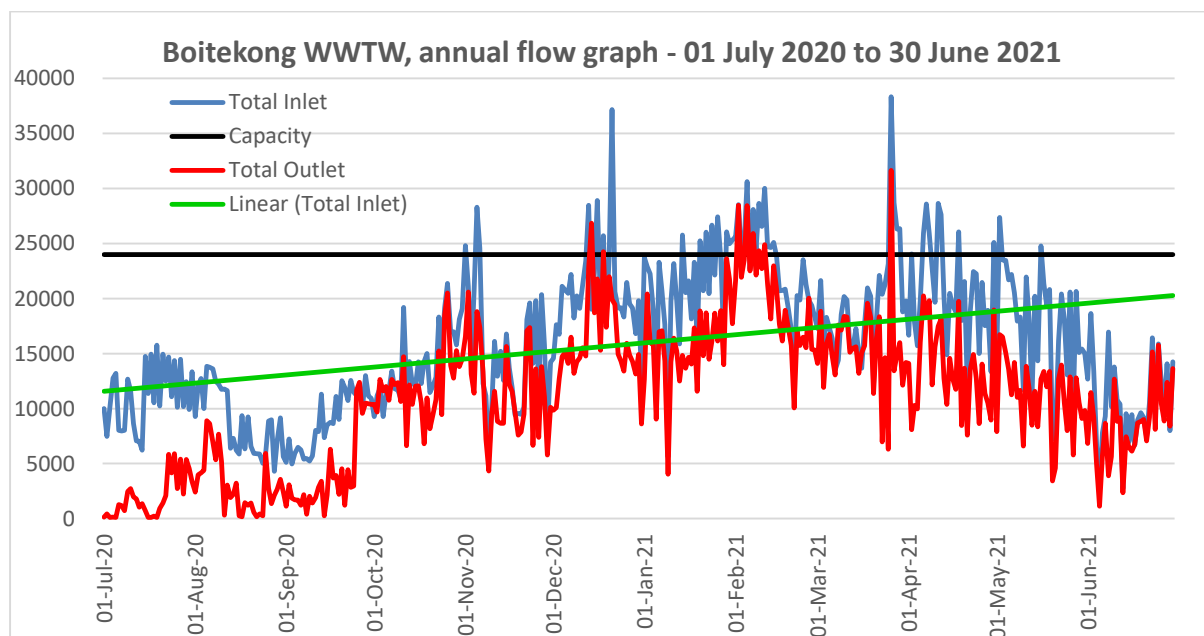
1. RLM was assisted to formalise the industrial effluent tariffs and water services bylaws during the 2017 / 2018 financial year, these were promulgated on 10 September 2019.
2. The quality of industrial effluent discharged into the sewer system is monitored on a regular basis at Rainbow Chickens.
3. The quality of inflow into the plant is monitored daily.

Challenges outside the Operator's Control

The daily inflow into the plant at times exceeds the design capacity, aggravated by stormwater ingress into the sewer system. Augmentation of the plant needs to be included in the Municipal master plan.

Power outages totalled 142 hours (1.62%) for the period under review.

11. BOITEKONG WASTE WATER TREATMENT WORKS



*Outlet flow measurement affected by construction activities up to mid-September 2020.

Flow Volumes

The average flow to the plant during the 12 month period since 1 July 2020 was 15.93 Mℓ/d, which is more than the 9.75 Mℓ/d of the preceding 12 months. A minimum daily flow of 2.54 Mℓ/d was recorded whilst the maximum daily flow was 38.33 Mℓ/d, which is greater than the design capacity.

Effluent Quality

During the period under review, the recent upgrading and refurbishment of the works was brought on line by the fine tuning of the process which impacted on the effluent quality. There were numerous power outages which impacted negatively on the quality.

Despite these constraints, the Operator was able to maintain a good quality effluent by careful control of the process.

Table 6 below gives an indication of the performance of the plant during the period under review, 1 July 2020 to 30 June 2021.

Table 6: Quality Measurement at Boitekong Waste Water Treatment Works

Determinant	Performance standard	Previous Performance 01 July 2019 - 30 June 2020		Current Performance 01 July 2020 - 30 June 2021	
		Performance achieved	Compliance %	Performance achieved	Compliance %
• pH	• 6.5 - 8.5	• 7.37 - 8.43	100%	• 6.79 - 7.95	100%
• Elec. Conductivity	• <150 mS/m	• 97 - 145 mS/m	100%	• 105 - 158 mS/m	92%
• COD	• < 75 mg/ℓ	• 15 - 77 mg/ℓ	92%	• 15 - 61 mg/ℓ	100%
• Ammonia	• <1 mg/ℓ	• 0.1 - 30.4 mg/ℓ	42%	• 0.1 - 27.2 mg/ℓ	58%
• Nitrate	• < 15 mg/ℓ	• 0.3 - 9.4 mg/ℓ	100%	• 0.1 - 9.9 mg/ℓ	100%
• Suspended Solids	• < 25 mg/ℓ	• 2 - 3 mg/ℓ	100%	• 2 - 28 mg/ℓ	92%
• Faecal Coliform	• < 0 / 100mℓ	• 0 - 230 / 100mℓ	92%	• 0 - 128 / 100mℓ	58%
• Free Chlorine	• < 0.25 mg/ℓ	• 0.20 - 0.37 mg/ℓ	33%	• 0.23 - 17.6 mg/ℓ	33%
• Orthophosphate	• < 1.0 mg/ℓ	• 0.05 - 5.01 mg/ℓ	67%	• 0.42 - 3.4 mg/ℓ	50%
OVERALL COMPLIANCE			80.7%		75.9%

Performance Review

The plant's performance was slightly lower than the previous year as far as compliance is concerned. The determinants which were not compliant are: -

- 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 E-coli results showed a marked decline in quality and is being monitored.
- Ammonia: there was an improvement in the results over the previous year.
- Orthophosphates: there was a decline in the results over the previous year and is being monitored.

Restitution Measures

Numerous sewer blockages occurred during the first portion of the period under review, up to the end of September 2020, with average inflows at 9.64 Mℓ/d, compared to an average inflow of 18.04 Mℓ/d for the remainder of the period. Stormwater infiltration accounted for most of these increases and the unblocking of major blockages on outfall sewers accounted for the remainder.

Construction activities

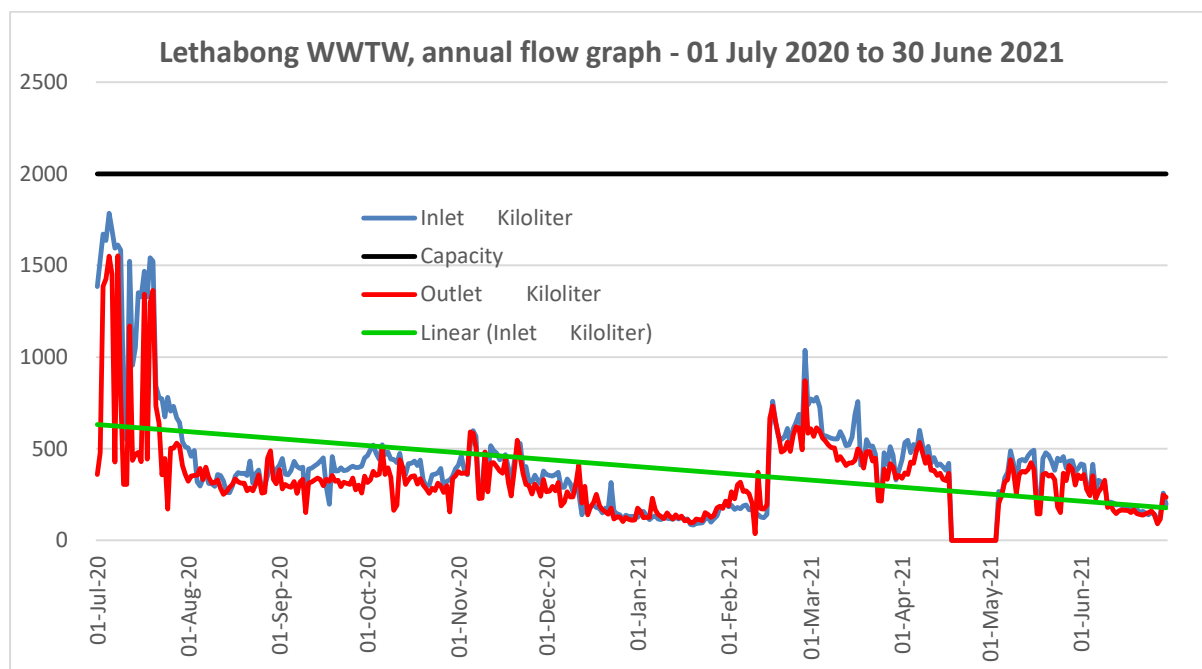
There are currently no construction activities on site, after the completion of the recent major upgrading, extension and refurbishment of the works was completed in 2020. However, fine tuning of the processes of the upgraded works was still taking place during the period under review which affected overall performance of the plant.

Challenges outside the Operator's Control

Blockages in the outfall sewer system are a huge problem. 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.

Power supply outages, for the period under review, totalled 348 hrs (3.97%), which caused major havoc to the effective operation of the Works.

12. LETHABONG WASTE WATER TREATMENT WORKS



The Lethabong Waste Water Treatment Works serves the township of Lethabong. It is designed for 2Mℓ/d and is an activated sludge plant capable of basic nutrient removal. The incoming flow during the review period was still very erratic with the highest recorded inflow of 1.79 Mℓ/d. The average production value is 0.45 Mℓ/d but there was a period of 16 days during April 2021 when the meters were out of action due to cable theft.

Inflows are considerably lower than the previous year due to blockages upstream.

Table 7 below reflects the performance of the Lethabong Waste Water Treatment Works, for the 12-month period under review.

Table 7: Quality Measurement at Lethabong Waste Water Treatment Works

Determinant	Performance standard	Previous Performance 01 July 2019 - 30 June 2020		Current Performance 01 July 2020 - 30 June 2021	
		Performance achieved	Compliance %	Performance achieved	Compliance %
• pH	• 6.5 - 8.5	• 7.56 - 8.45	100%	• 7.82 - 11.90	75%
• Elec. Conductivity	• <150mS/m	• 83 - 108 mS/m	100%	• 89 - 557 mS/m	83%
• COD	• < 75 mg/ℓ	• 14.6 - 17 mg/ℓ	100%	• 14.6 - 5315 mg/ℓ	92%
• Ammonia	• <1 mg/ℓ	• 0.1 - 0.21 mg/ℓ	100%	• 0.1 - 1.48 mg/ℓ	83%
• Nitrate	• < 15 mg/ℓ	• 6.42 – 12.0 mg/ℓ	100%	• 2.6 – 11.1 mg/ℓ	100%
• Suspended Solids	• < 25 mg/ℓ	• 2 - 3 mg/ℓ	100%	• 2 - 138 mg/ℓ	83%
• Faecal Coliform	• < 0/100mℓ	• 0 - 0 / 100mℓ	100%	• 0 - 29 / 100mℓ	92%
• Free Chlorine	• < 0.25 mg/ℓ	• 0.24 - 0.46 mg/ℓ	17%*	• 0.08 - 0.3 mg/ℓ	75%*
• Orthophosphate	• < 1.0 mg/ℓ	• 0.46 – 2.39 mg/l	25%	• 0.24 – 2.36 mg/l	17%
OVERALL COMPLIANCE			83.4%		77.8%

*Higher chlorine dosages are applied to allow for the variance in flow and safeguard against possible faecal coliform contamination.

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 previously it appears that there are collapsed lines in the sewer reticulation, stones and rubble in the manholes and blockages which are of such a nature that special equipment will be required to remove it. This appears to still be the case.

- 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 one exception, consistently within limits.
- The orthophosphate results were consistently outside the specifications due to low inflows.

Restitution Measures

The water and sewer reticulation systems in Lethabong need to be rehabilitated and refurbished where required and consistent and regular unblocking of sewers to take place.

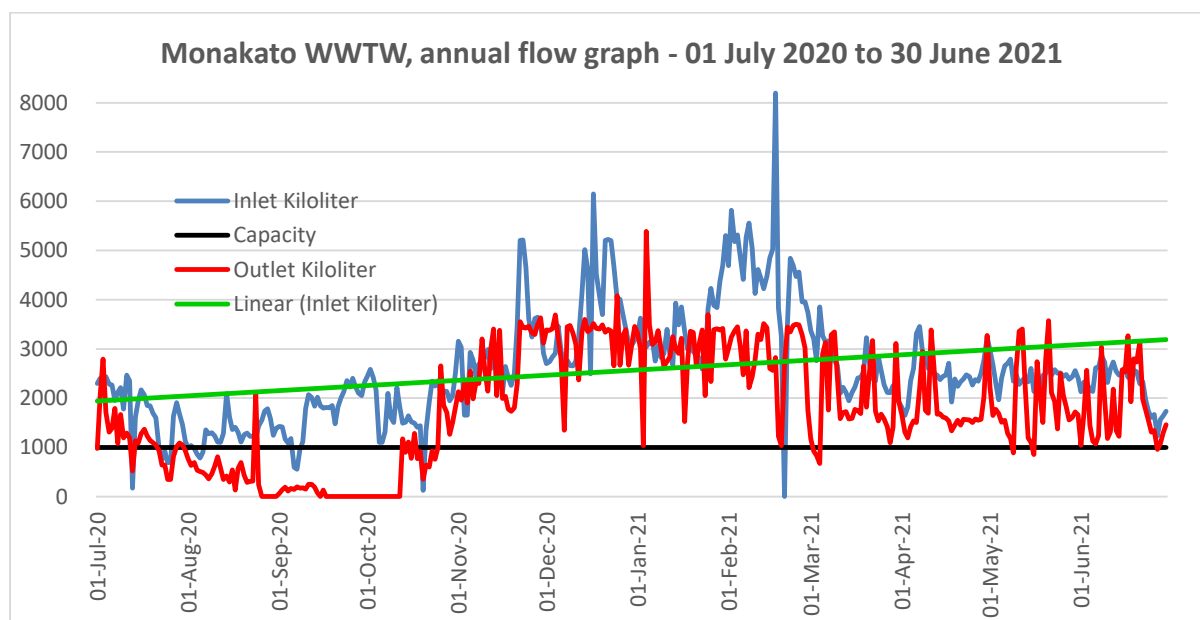
Challenges outside the Operator's Control

The above restitution proposals fall outside the mandate of the Trust. This is something which needs to be given serious consideration by RLM.

Power outages totalled 50 hours (0.57%) for the period under review.

13. MONAKATO WASTE WATER TREATMENT WORKS

The Monakato Waste Water Treatment Works is a basic oxidation dam system, designed to treat 1.0 Mℓ/day. On average, the inflow for the period under consideration was 2.56 Mℓ/day with a minimum daily flow of 0 Mℓ/day whilst the maximum daily flow was almost 8.2 Mℓ, which is more than 8x the design capacity. Such an excess will negatively affect the effluent quality. The accuracy of the flow readings under high inflow conditions are compromised as the inlet works gets flooded.



*Due to construction modifications, inlet flow meter inaccurate.

Table 8 below summarizes performance of the Monakato Waste Water Treatment Works, during the period under review.

Table 8: Quality Measurement at Monakato Waste Water Treatment Works

Determinant	Performance standard	Previous Performance 01 July 2019 - 30 June 2020		Current Performance 01 July 2020 - 30 June 2021	
		Performance achieved	Compliance %	Performance achieved	Compliance %
• pH	• 6.5 - 8.5	• 7.3 - 8.55	92%	• 7.94 - 9.14	92%
• Elec. Conductivity	• <150 mS/m	• 83 - 127 mS/m	100%	• 83 - 132 mS/m	100%
• COD	• < 75 mg/ℓ	• 48 - 145 mg/ℓ	17%	• 70 - 163 mg/ℓ	17%
• Ammonia	• <1 mg/ℓ	• 4.55 - 29.3 mg/ℓ	Non-Compliant	• 3.41 - 24.8 mg/ℓ	Non-Compliant
• Nitrate	• < 15 mg/ℓ	• 0.1 - 3.4 mg/ℓ	100%	• 0.17 - 3.94 mg/ℓ	100%
• Suspended Solids	• < 25 mg/ℓ	• 2 - 53 mg/ℓ	67%	• 3 - 46 mg/ℓ	67%
• Faecal Coliform	• < 0/100mℓ	• 0 - 0 / 100mℓ	100%	• 0 - 0 / 100mℓ	100%
• Free Chlorine	• < 0.25 mg/ℓ	• 0.24 - 0.32 mg/ℓ	33%	• 0.2 - 0.4 mg/ℓ	8%
• Orthophosphate	• < 1.0 mg/ℓ	• 0.42 – 3.75 mg/l	8%	• 0.64 - 3.51 mg/l	8%
OVERALL COMPLIANCE			57.4%		54.7%

Performance Review

The performance of the plant was similar to the previous 12 months. The plant inflow exceeded its capacity.

Restitution Measures

RLM appointed a Consultant and Contractor for the upgrading of the plant.

The upgrading of the inlet works and modification to the sludge ponds was completed during the beginning of 2019 but unfortunately not all the issues highlighted in the business plan were rectified, which means that the Works is still unable to treat the volumes of effluent to the required quality. Further upgrades are required.

Challenges outside the Operator's Control

The Monakato upgrade project needs to be prioritised on the priority list for MIG projects.

Power outages totalled 77 hours (1.36%) for the period under review.

14. CONCLUSION - WASTE WATER TREATMENT WORKS

The plants have performed relatively well during the 12-month period 1 July 2020 to 30 June 2021, and although all the standards were not consistently achieved, most deviations from the standards were not significant. Although there is room for improvement, some successes have been achieved.

Based on the performance results discussed above, there are several common factors which negatively affect the performance of all the plants. These are indicated below.

Incoming Flow Volumes: Most of the time the daily fluctuations in incoming flow volumes are manageable, during which times the plants operate satisfactorily. At times, however, the inflow can increase up to 800% of the design flow, particularly affected by stormwater ingress during rainy seasons, and at times it can reduce to about 20% of the norm because of blockages. Large fluctuations in flow have a huge negative 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.

Incoming Flow Quality: Some of the WWTW are affected by sporadic very poor effluent quality, especially from industrial areas. These spikes and very high loads in certain chemicals and indicators cause major problems throughout the treatment process.

Power Failures: All four of the WWTW were adversely affected by power supply issues during the period under review, which in turn affects the performance of the Works.

Process Failure: Sporadic dumping of poor-quality effluent from industries or other sources cause process failures. Ongoing 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

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 Works and The Kloof Water Treatment Works. The performance of the plants is discussed below.

15. BOSPOORT WATER TREATMENT WORKS

The Bospoort Water Treatment Works is a 12 Mℓ/d sophisticated water purification plant. It incorporates processes such as granular activated carbon and dissolved air flotation enable it 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. Average production for the period under review was 10.29 Mℓ/d, an improvement on the previous figure of 9.86 Mℓ/d.

The recent extension and upgrading of the civil portion of the works to increase the plant capacity to 24Mℓ/d, was completed in 2020, but some snags were being completed during the 12-month maintenance period.

However, the Mechanical and Electrical tender appointment has been put on hold, for legal investigations into the tender process. This is delaying the completion of the overall extension and upgrading project.

The table 9 below summarises the performance of the Works during the 2020/2021 reporting period:

Table 9: Quality Measurement at Bospoort Water Treatment Works

Key performance indicator	Target	Current Performance 01 July 2020 - 30 June 2021
Production from the plant must be equal to design capacity of 12 Mℓ/d	Production to be at least 80% of the design capacity (9.6 Mℓ/d)	The average daily production over the period under review was 10.29 Mℓ/d (85.8%).
Water Quality to comply with SANS 241	100% Compliance	90.2% overall compliance was achieved, which is lower than the previous year.

With reference to the performance of the Bospoort Water Treatment Works, during the period under review, this is indicated in Table 10 below.

Table 10: Quality Measurement at Bospoort Water Treatment Works

Determinant	Performance standard (SANS 241)	Previous Performance 01 July 2019 - 30 June 2020		Current Performance 01 July 2020 - 30 June 2021	
		Performance achieved	Compliance %	Performance achieved	Compliance %
Colour Pt-Co	• <15	10 - 11	100%	10 - 10	100%
Treated Conductivity (mS/m)	• <170 mS/m	1.08 - 169 mS/m	100%	98 - 136 mS/m	100%
TDS	• <1200 mg/ℓ	686 - 1133 mg/ℓ	100%	678 - 886 mg/ℓ	100%
pH (pH units)	• >5.0 <9.7	7.2 – 8.21	100%	7.3 - 7.81	100%
Turbidity NTU	• <1	0.17 – 3.15	90%	0.27 - 7.38	83%
Calcium (mg/ℓ)	• <150 mg/ℓ	57.6 - 278 mg/ℓ	91%	65.3 - 104 mg/ℓ	100%
Faecal Coliform	• <0 cfu/100mℓ	0 - 0 cfu/100mℓ	100%	0 - 15 cfu/100mℓ	75%
Chloride (mg/ℓ)	• <300 mg/ℓ	172 - 288 mg/ℓ	100%	157 - 229 mg/ℓ	100%
Fluoride (mg/ℓ)	• <1.5 mg/ℓ	0.08 - 0.52 mg/ℓ	100%	0.05 - 0.43 mg/ℓ	100%
Magnesium (mg/ℓ)	• <70 mg/ℓ	30.3 – 46.7 mg/ℓ	100%	32.3 - 47.1 mg/ℓ	100%
Sulphate (mg/ℓ)	• <250 mg/ℓ	73.3 - 150 mg/ℓ	100%	91 - 154 mg/ℓ	100%
Heterotrophic Plate Count cfu/mℓ	• <1000 cfu/mℓ	0 - 1000 cfu/mℓ	100%	2 - 1000 cfu/mℓ	50%
Total Coliform cfu/mℓ	• <10 cfu/100 mℓ	0 - 200 cfu/100mℓ	92%	0 - 63 cfu/100mℓ	55%
Free Chlorine (mg/ℓ)	• <5 mg/ℓ	0.31 – 2.2 mg/ℓ	100%	0.36 - 1.73 mg/ℓ	100%
OVERALL COMPLIANCE:			98.1%		90.2%
PLANT CAPACITY = 12 Mℓ/d: PRODUCTION PERFORMANCE TARGET = 80% of plant capacity					
Production target = 9.6 Mℓ/d		Average production = 10.29 Mℓ/d			85.8%
1. Comments per determinant <ul style="list-style-type: none"> • Colour Pt-Co: Compliant • Treated Conductivity: Compliant • TDS: Compliant • pH: Compliant • Turbidity NTU: 83% Compliant • Calcium: Compliant • E-coli: 75% Compliant • Chloride: Compliant • Fluoride: Compliant • Magnesium: Compliant • Sulphate: Compliant • Heterotrophic Plate Count: 50% Compliant • Total Coliform: 55% Compliant • Free Chlorine: Compliant 			Production performance Plant production is interrupted by power failures, full reservoirs, and pipe breaks. Production performance is also influenced by poor quality source water. These are all outside of the control of the Operators.		

Performance Review

There were plant stoppages to the total of 724 hours (8.26%) during this period, which is one of the reasons the plant did not reach its production target. The majority of these were because of power failures, low voltages, and load shedding, with planned and unplanned shutdowns for maintenance and repairs on the pipelines and equipment and full reservoirs also a contributing factor.

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.

As far as quality of the water is concerned, the values for faecal coliform, heterotrophic plate count and total coliform are a cause for concern.

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. 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.

The only reliable way to improve the quality of the source water is to implement 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.

Retraining of plant personnel and increasing the frequency of monitoring of operating parameters have been implemented.

Challenges outside the Operator's Control

The Operator cannot control the management of reservoir levels, electricity supply or the quality of the source water from Bospoort Dam.

16. KLOOF WATER TREATMENT WORKS

The Kloof Water Treatment 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 for the period under review was 0.955 Mℓ/day, which is a massive improvement on last year's 0.592 Mℓ/day.

The table 11 below summarises the performance of the Works during the 2020/2021 reporting period:

Table 11: Quality Measurement at Kloof Water Treatment Works

Key performance indicator	Target	Current Performance 01 July 2020 - 30 June 2021
Production from the plant must be equal to design capacity of 2 Mℓ/d	Production be 80% or more of the design capacity	The average production for the twelve months ending 30 June 2020 was 0.955 Mℓ/d (47.8%), which is a massive improvement on the previous year's production of 0.592 Mℓ/d.
Water Quality to comply with SANS 241	100% Compliance	Compliance was 98.8%. This is slightly higher than the 97.4% achieved last year.

Performance of the Kloof Water Treatment Works, during the period under review is indicated in Table 12 below.

Table 12: Quality Measurement at Kloof Water Treatment Works

Determinant	Performance standard (SANS 241)	Previous Performance 01 July 2019 - 30 June 2020		Current Performance 01 July 2020 - 30 June 2021	
		Performance achieved	Compliance %	Performance achieved	Compliance %
Colour Pt-Co	• <15	10 - 10	100%	9.42 - 13	100%
Treated Conductivity (mS/m)	• <170mS/m	5.39 - 15.7 mS/m	100%	6.45 - 11.74 mS/m	100%
TDS	• <1200 mg/ℓ	38.0 - 110.0 mg/ℓ	100%	43.0 - 78.5 mg/ℓ	100%
pH	• >5.0 <9.7 pH Units	6.61 - 7.48 pH Units	100%	7.09 - 7.88 pH Units	100%
Turbidity NTU	• <1 mg/ℓ	0.32 - 4.56 mg/ℓ	75%	0.5 - 1.19 mg/ℓ	83%
Calcium (mg/ℓ)	• <150 mg/ℓ	1.84 - 13.70 mg/ℓ	100%	3.88 - 6.85 mg/ℓ	100%
Faecal Coliform	• <0 cfu/100mℓ	0 - 33 cfu/100mℓ	94.6%	0 - 0 cfu/100mℓ	100%
Chloride (mg/ℓ)	• <300 mg/ℓ	2.43 - 24.4 mg/ℓ	100%	4.66 - 11.98 mg/ℓ	100%

Fluoride (mg/ℓ)	• <1.5 mg/ℓ	0.0 - 0.52 mg/ℓ	100%	0.05 - 0.14 mg/ℓ	100%
Magnesium (mg/ℓ)	• <70 mg/ℓ	1.64 - 5.33 mg/ℓ	100%	2.67 - 5.94 mg/ℓ	100%
Sulphate (mg/ℓ)	• <250 mg/ℓ	1.0 - 16.1 mg/ℓ	100%	1.83 - 5.85 mg/ℓ	100%
Heterotrophic Plate Count cfu/100mℓ	• <1000 cfu/mℓ	0 - 350 cfu/mℓ	100%	0 - 304 cfu/mℓ	100%
Total Coliform cfu/100mℓ	• <10 cfu/100mℓ	0 - 200 cfu/100mℓ	94.6%	0 - 1 cfu/100mℓ	100%
Free Chlorine (mg/ℓ)	• <5 mg/ℓ	0.02 - 0.81 mg/ℓ	100%	0.07 - 0.70 mg/ℓ	100%
OVERALL COMPLIANCE:			97.4%		98.8%
PLANT CAPACITY = 2 Mℓ/d. PRODUCTION PERFORMANCE TARGET = 60% of plant capacity					
Production target = 1.2Mℓ/d		Average production = 0.955 Mℓ/d			47.8%
1. Comments per determinant <ul style="list-style-type: none"> • Colour Pt-Co: Compliant • Treated Conductivity: Compliant • TDS: Compliant • pH: Compliant • Turbidity NTU: 83% Compliant • Calcium: Compliant • E-coli: Compliant • Chloride: Compliant • Fluoride: Compliant • Magnesium: Compliant • Sulphate: Compliant • Heterotrophic Plate Count: Compliant • Total Coliform: Compliant • Free Chlorine: Compliant 			Production performance Plant production is interrupted by power failures, full reservoirs and low availability of water from Kloof Dam. These are all outside of the control of the Operators.		

Performance Review

The dam feeding the Kloof Water Treatment Works previously ran empty, so to improve production a borehole was previously 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. This is reflected in the coliform readings which occasionally exceed the performance standard. The situation is monitored daily to prevent further contamination.

The plant cannot treat turbidity or colour. During the period under review there were some samples which exceeded the required standard for turbidity, but the colour was 100% for the entire 12 months under review.

Restitution Measures

The work carried out previously to improve the yield of the dam was successful and it is expected that production will in future come close to the target.

Challenges outside the Operator's Control

The Operator cannot control the management of reservoir levels.

Power supply issues, including power supply problems at the dam, issues with the incomer breaker, transformer problems etc. totalled 450 hrs (5%) of production loss during the period under review. This was a contributing factor why production targets were not met.

17. CONCLUSION - WATER TREATMENT WORKS

Except for those circumstances which cannot be controlled, the two water treatment plants performed well during the 12-month period of 1 July 2020 to 30 June 2021.

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 Works

The construction work on the upgrading of the plant from 8 Mℓ/d to 24 Mℓ/d was completed during 2020, with some snags and process modifications being completed during the period under review.

RCC is overseeing the project and managing the expenditure, progress, and quality. The updated asset register is currently being finalised.

18.2 Monakato Waste Water Treatment Works.

Rustenburg Local Municipality managed the recent completion of the upgrading project of the Monakato WWTW. However, there are still items that need to be upgraded to improve the operation and maintenance of the Works, as well as the effluent quality.

18.3 Bospoort Water Treatment Works.

The construction work on the civil portion of the upgrading of the plant from 12 Mℓ/d to 24 Mℓ/d was completed during 2020, with some snags being completed during the period under review

RCC was 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 subjected to a high court application.

18.4 Bospoort pipeline and reservoir.

The request for additional funding for the project was previously not approved by COGTA. RLM PMU resubmitted a revised business plan in January 2020 and the RLM PMU Manager advised that approval from COGTA has been obtained to proceed with the designs and go out on tender. The project cost is estimated at R 265 million of which we only received funding for R 152 million.

Bid Specification Committee meetings took place in 2021.

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 target is set at 1.5 times and the following was achieved:

A ratio of 4.73 times (4.33 times in 2020) including cash and 2.43 times (2.17 times in 2020) excluding cash was achieved for the period under review. What this equates to is that the Trust is in a healthy financial position with earnings 2.43 times higher than the annual commitments.

Attached is the annual financial statements for the period ending 30 June 2021.



ANNUAL FINANCIAL STATEMENTS

Version 4

30 JUNE 2021

Rustenburg Water Services Trust

FINANCIAL STATEMENTS
For the year ended 30 June 2021



TRUST INFORMATION

TRUST REFERENCE NUMBER : IT 6155/03

		Date of appointment
TRUSTEES	TJ Ehlers	1 Dec 2009
	Vinesh Dilsook	12 Dec 2019
	Jacey Kruger	12 Dec 2019
	Adv Mphete	12 Dec 2019
	Kgomotso Kumbé	12 Dec 2019
TRUST CEO	Pet Maas	1 Jan 2021
REGISTERED OFFICE	1a Kock Street Rustenburg 0300	
AUDITORS	Office of the Auditor-General 124 Kock Street Rustenburg 0300	
BANKERS	ABSA Business Bank 91 Church Street Klerksdorp 5271	

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Rustenburg Water Services Trust



TRUSTEES' REPORT For the year ended 30 June 2021

The trustees present their annual report of the Trust, for the year ended 30 June 2021.

1 General information

The Trust's objective is to procure the design, construction, implementation, operation and maintenance of the Rustenburg, Bospoort and the Botlekong 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

	2021 R	2020 R
Revenue	220,340,004	203,442,551
Operating surplus	88,660,841	79,245,968
Net surplus for the period	85,845,615	75,427,453
Total assets	947,927,906	951,509,168
Total liabilities	16,404,405	105,570,540

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.

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-21

Vinesh Dilsook Active
Jacey Kruger Active
Adv Mphete Active
Kgomoiso Kumba Active
Theuns Ehlers ABGA

30-Jun-20

Vinesh Dilsook Active
Jacey Kruger Active
Adv Mphete Active
Kgomoiso Kumba Active
Theuns Ehlers ABGA

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.

Rustenburg Water Services Trust

TRUSTEES' REPORT (Continued) For the year ended 30 June 2021

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 2021 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 201702 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. The case is currently in the High Court of South Africa with registration number: MS30/2020

- 12 There is an existing litigation between board members where a board member took the board and the Rustenburg Water Service Trust to court. This follows after allegations were made on the breach of code of conduct where the board member was accused of dishonestly and dereliction of duty. The member was precautionary suspended by the board, pending the outcome of the investigation hearing. The investigation was conducted by two independent advocates and the outcome was received on the 21 September 2021. The recommendation was for the Rustenburg Executive Mayor to remove the accused. The alleged member challenged the suspension in the High Court of Mafikeng on an urgent basis. This was overturned in an Arbitration process as guided by the Trust deed. The advocate arbitrating on the matter ruled that the precautionary suspension was unlawful and the member was reinstated. A section 79 committee was established by RLM to deal with this dispute.

The financial statements were accepted by the Accounting Officer on 29/11/2021 and are duly signed:


CEO: Pet Nass

Rustenburg Water Services Trust



STATEMENT OF FINANCIAL POSITION At 30 June 2021

	NOTES	2021 R	2020 R
LIABILITIES			
Non-Current Liabilities			
Long term liabilities	5	1,290,326	21,054,582
Current liabilities			
Trade and other payables (exchange transactions)	8	12,855,751	25,201,906
Short Term Portion of Liabilities	5	302,666	35,540,593
VAT payable		1,955,661	23,773,459
		15,114,078	84,515,958
Total Liabilities		16,404,405	105,570,540
ASSETS			
Non-current Assets			
Lease Hold Improvements	3	573,318,117	599,190,479
Financial assets	6	133,012,489	133,012,489
		706,330,606	732,202,968
Current assets			
Trade receivables (exchange transactions)	6	111,509,503	139,121,285
Trade receivables (non-exchange transactions)	6	35,395,333	10,154,200
Cash and cash equivalents	7	94,692,464	70,030,714
		241,597,300	219,306,199
Total Assets		947,927,906	951,509,168
NET ASSETS			
Statutory funds		1,000	1,000
Revaluation Surplus		264,760,558	265,353,339
Distributable reserves	4	666,761,944	580,584,288
TOTAL NET ASSETS		931,523,502	845,938,627

Rustenburg Water Services Trust



STATEMENT OF COMPREHENSIVE INCOME For the year ended 30 June 2021

		2021 R	2020 R
REVENUE - From exchange transactions			
Sales - water		220,340,004	203,442,551
COST OF SALES	22		
Rustenburg WWTW		53,295,272	52,150,744
Botlekong WWTW		19,039,780	11,109,808
Bospoort WTW		15,773,680	15,163,549
Kloof WTW		1,782,146	1,743,441
Monakato WWTW		1,076,927	1,041,263
Lethabong WWTW		2,583,840	2,576,424
Effluent monitoring		1,054,934	703,232
Operator overheads			
Day works and provisional sums		936,084	903,792
Management and general staff		5,317,933	5,039,624
		100,860,596	90,431,877
GROSS MARGIN		119,479,408	113,010,674
		54%	56%
OTHER INCOME - From exchange transactions			
Tender deposits received		560	-
Profit on disposal of fixed assets		9,502	6,406
		10,062	6,406
OTHER INCOME - From non-exchange transactions			
MIG grant funding		6,091,816	11,665,817
MIG grant funding - RLM (VAT effect)		23,793,750	2,058,674
		29,885,566	13,724,491
EXPENSES			
Administrator's remuneration		1,399,571	2,818,670
Auditors Remuneration		897,714	946,517
Bank charges		8,860	13,239
Provision for bad debts		2,336,902	-
Depreciation		39,046,437	32,508,454
Insurance		708,946	842,214
Impairment loss	18	610,683	264,836
Legal Fees		298,301	186,869
O & M Supervision		2,897,163	2,788,601
Disbursements (Printing & Travel)		14,082	-
Repairs	23	9,995,767	6,772,988
Salaries		1,984,740	-
Trustees Remuneration		319,110	141,083
DWS Compliance		195,919	212,131
		60,714,195	47,495,603
Surplus from operations		88,660,841	79,245,968
Finance costs			
Interest received (from non exchange transactions)		2,755,072	6,358,089
Interest paid (from non exchange transactions)	9	(5,570,298)	(10,176,604)
Surplus for the year		85,845,615	75,427,453

Rustenburg Water Services Trust

STATEMENT OF COMPARISON OF ACTUAL VS BUDGET For the year ended 30 June 2021



	Actual 2021 R	Budget 2021 R	% Variance 2021 R	
REVENUE				
Sales: RLM	154,158,733	129,315,743	19.21%	Rain water ingress
Sales: Mines	66,181,271	72,149,503	-8.27%	Mine capacity constraint
TOTAL REVENUE	220,340,004	201,465,246		
COST OF SALES	100,860,596	90,942,344	-10.91%	Acceptable, in line with sales
GROSS MARGIN	119,479,408	110,522,902		
OTHER INCOME				
Profit on disposal of fixed assets	9,502	-		Not budgeted for
Tender deposits received	560	-		Not budgeted for
MIG grant funding	6,091,816	-		Refer to CAPEX
MIG grant funding - RLM (VAT effect)	23,793,750	-		Refer to AG Journal on MIG
	29,895,628	-		
EXPENSES				
Administrator's remuneration	1,399,571	1,359,287	-2.96%	Acceptable, refer disbursements
Auditors Remuneration	897,714	954,938	5.99%	Acceptable, saving
Bank charges	8,860	14,313	38.10%	Acceptable - saving
Provision for bad debts	2,336,902	-	-100.00%	Not budgeted for
Ad Hoc consulting services and DWS compliance	195,919	3,000,000	93.47%	Acceptable
Depreciation	39,046,437	38,039,680	-2.65%	Acceptable, below 5% variance
Impairment loss	610,683	-	-100.00%	Not budgeted for
Insurance	708,946	942,193	24.76%	Acceptable, saving
Legal Fees	298,301	450,000	33.71%	Acceptable, saving
Repairs	9,995,767	13,748,856	27.30%	Acceptable, saving
Disbursements (Printing & Travel)	14,082	140,400	89.97%	Acceptable, saving
Salaries	1,984,740	1,984,740	0.00%	Acceptable
Trustees Remuneration	319,110	344,152	7.28%	Acceptable, saving
O&M Supervision	2,897,163	2,897,702	0.02%	Acceptable
Leasing Charges	196,290	307,934	36.26%	Budget to be adjusted
Section 93J Structure	-	2,500,000	100.00%	Acceptable
	60,910,485	66,684,195		
Surplus from operations	88,484,661	49,838,707		
Finance costs - net				
Interest received	2,755,072	2,542,529	8.36%	Acceptable, saving
Interest paid	(5,374,008)	(5,398,566)	0.45%	Acceptable
Surplus for the period	85,845,615	40,982,670		
D&CR:				
EBIT & Depreciation	97,624,863	81,878,387		
Reserves	94,692,464	94,692,464		
Bank repayments	41,146,403	41,146,403		
Including reserves	4.87	4.28		
Excluding reserves	2.37	1.88		

Rustenburg Water Services Trust



STATEMENT OF CHANGES IN EQUITY For the year ended 30 June 2021

	Note	Statutory funds R	Retained Earnings R	Revaluation Surplus R	Total R
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)	-
Correction of error			(18,830,908)		(18,830,908)
Balance at 30 June 2018		1,000	438,013,475	266,339,021	704,353,496
Surplus for the year			66,825,920		66,825,920
Impairment adjustment for the year				(175,075)	(175,075)
Revaluation surplus transferred			26,390	(26,390)	-
Correction of error			(16,363)		(16,363)
Balance at 30 June 2019		1,000	504,849,423	266,137,555	770,987,978
Surplus for the year			75,427,453		75,427,453
Impairment adjustment for the year				(476,805)	(476,805)
Revaluation surplus transferred			307,412	(307,412)	-
Balance at 30 June 2020		1,000	580,584,288	265,353,338	845,938,626
Surplus for the year			85,845,615		85,845,615
Impairment adjustment for the year	18			(260,739)	(260,739)
Revaluation surplus transferred			332,042	(332,042)	-
Balance at 30 June 2021		1,000	666,761,945	264,760,557	931,523,502

Rustenburg Water Services Trust



STATEMENT OF CASH FLOWS For the year ended 30 June 2021

	NOTES	2021 R	2020 R
Cash flows from operating activities			
Cash receipts from operating activities		252,596,779	140,398,810
Cash paid to suppliers		149,979,661	98,961,870
Cash generated from operations	10	102,617,118	41,436,940
Interest paid		(5,570,298)	(10,176,604)
Interest received		2,755,072	6,358,089
Net cash flow from operating activities		99,801,892	37,618,425
Cash flows from Investing activities			
Proceeds on disposal of property, plant and equipment		9,502	6,406
Acquisition of property, plant and equipment		(20,147,461)	(24,974,557)
Net cash flow from Investing activities		(20,137,959)	(24,968,151)
Cash flow from financing activities			
Long term Liabilities	5	(55,002,182)	(31,396,027)
Net cash flow from financing activities		(55,002,182)	(31,396,027)
Net decrease in cash and cash equivalents		24,661,751	(18,745,753)
Cash and cash equivalents at beginning of year		70,030,712	88,776,465
Cash and Cash equivalents at end of year	7	94,692,463	70,030,712

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.

6 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 a nominal cost, its cost is its fair value as at the date of acquisition. Property plant and equipment are only depreciated once commissioned.

The Trust maintains and acquires assets to provide a social service to the community, as well as to sell water to the surrounding mines. The useful lives and economic useful lives of these assets are equal. After the loan have been paid up, all assets will revert back to the parent municipality.

Depreciation is recorded by a charge to the income statement computed on a straight-line method to write off the cost of the assets over their remaining useful lives or the remaining period of the lease, to their residual values. The expected useful lives are as follows:

Land and Buildings	0 - 60 years
Plant & Equipment	1 - 80 years
Movable assets	1 - 5 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Revaluation of the assets occur every 5 years.

At the end of each reporting period, the trust reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The 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 FINANCIAL INSTRUMENTS

Financial instruments recognised in the balance sheet include loans, trade and other receivables, trade and other payables and cash and cash equivalents.

Financial assets and financial liabilities are recognised on the Trust's balance sheet when the Trust becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at the fair value of the consideration given (in the case of an asset) or received (in the case of a liability) for it. Cash flows relating to current receivables are generally not discounted, unless significant.

Financial instruments are subsequently measured in terms of GRAP 104.45. Cash & cash equivalents, receivables and trade payables are subsequently measured at fair value, whilst long term liabilities are subsequently measured at amortised cost.

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legal right to set-off the recognised amounts, and the Trust intends to settle on a net basis or to realise the asset and the liability simultaneously.

Financial assets or a portion of the financial assets are de-recognised when the Trust loses control of the contractual rights that comprise the financial asset. The Trust loses such control if it 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.

11 GOING CONCERN

The financial statements are prepared using the Going Concern basis, which assumes that the Trust will be able to meet the mandatory payments on a day to day basis. If for any reason the Trust is unable to continue as a going concern, it could have an impact on the Trust's ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in the financial statements.

12 ROUNDING

The numbers presented in the financial statements are rounded to the nearest rand.

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. 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.

Rustenburg Water Services Trust

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 June 2021



3. LEASE HOLD IMPROVEMENTS

	Cost / Valuation	2021 Accumulated depreciation and impairment	Carrying value	Cost / Valuation	2020 Accumulated depreciation and impairment	Carrying value
Land & Buildings	39,004,048	(15,391,190)	23,612,858	38,611,043	(14,563,280)	24,047,763
Plant & Equipment	1,135,701,304	(662,517,011)	473,184,293	977,972,368	(627,751,381)	350,220,987
Moveable's	1,781,558	(1,672,837)	108,722	1,779,211	(1,668,989)	110,222
Work in Progress	76,412,244	-	76,412,244	224,811,506	-	224,811,506
Total	1,252,899,154	-878,681,037	673,318,117	1,243,174,128	-843,883,860	689,180,478

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions / Asset Allocations	Disposals / Asset Allocations	Depreciation and Impairment	Carrying value
Land & Buildings	24,047,763	22,661	468,327	(925,892)	23,612,858
Plant & Equipment	350,220,987	4,644,551	157,261,080	(38,942,325)	473,184,293
Moveable's	110,222	48,142	-	(49,643)	108,722
Work in Progress	224,811,506	9,330,145	(157,729,407)	-	76,412,244
Total	689,180,478	14,046,498	-	(39,817,880)	673,318,117

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals / Asset Allocations	Depreciation and Impairment	Carrying value
Land & Buildings	24,896,122	51,985	-	(900,344)	24,047,763
Plant & Equipment	378,603,727	3,869,308	-	(32,252,048)	350,220,987
Moveable's	104,826	103,100	-	(97,704)	110,222
Work in Progress	201,564,077	23,247,429	-	-	224,811,506
Total	605,168,752	27,271,821	-	(33,250,095)	689,180,478

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 Boltekong Sewage Treatment Plant.

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 2021



	2021 R	2020 R
4 DISTRIBUTABLE RESERVES		
At beginning of year	580,584,288	504,849,423
Profit for the year	85,845,615	75,427,453
	666,429,903	580,276,876
Revaluation reserve transferred	332,042	307,412
Balance at end of year	666,761,945	580,584,288
6 LONG TERM LIABILITIES		
Non-current		
5.1 Bank borrowings		
ABSA Bank Limited	-	54,750,904
This loan was settled during the year. The securities are in the process of being released.		
Less: short term portion	-	(35,289,315)
	-	19,461,589
5.2 Finance lease liabilities		
Rustenburg Local Municipality	1,592,993	1,844,271
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	(302,666)	(251,278)
	1,290,326	21,054,582
5.2.1 Reconciliation of future minimum lease payments to the present value of future minimum lease payments.		
Future minimum lease payments	2,025,638	2,473,206
Not later than 1 year	469,947	447,568
Later than 1 year and not later than 5 years	1,555,691	2,025,638
Later than 5 years	-	-
Interest	(432,645)	(628,935)
Present value of future minimum lease payments	1,592,993	1,844,271
Not later than 1 year	302,666	251,278
Later than 1 year and not later than 5 years	1,290,326	1,592,993
Later than 5 years	-	-

Rustenburg Water Services Trust



NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 June 2021

	2021 R	2020 R
6 TRADE AND OTHER RECEIVABLES (from exchange transactions)		
Debtors' ageing		
Current	23,865,876	23,035,612
30 days	8,387,695	20,428,745
60 days	4,445,407	17,922,880
90 days +	207,757,564	210,746,536
	244,457,542	272,133,774
Insurance - Prepayments	64,450	-
	244,521,992	272,133,774
Transferred to non-current financial assets	(133,012,489)	(133,012,489)
	111,509,503	139,121,285
TRADE AND OTHER RECEIVABLES (from non-exchange transactions)		
Debtors' ageing		
Current	635,875	7,364,568
30 days	830,832	-
60 days	-	-
90 days +	35,265,528	2,789,632
	37,732,235	10,154,200
Less provision for impairment	(2,336,902)	-
	35,395,333	10,154,200
7 CASH AND CASH EQUIVALENTS		
	2021 Balances	2020 Balances
	Opening	Closing
ABSA Bank Limited		
Distribution Reserve Account	5,916,641	22,830,042
Distribution Call Account	8,854,903	71,862,423
Contingency Reserve Account - Current	-	6,190
Industrial Reserve account - Current	-	539
Debt Service Reserve Account - Current	-	34,846
Contingency Reserve Account - Investment	1,032	9,006,050
Industrial Reserve account - Investment	1,032	3,443,127
Debt Service Reserve Account - Investment	55,257,106	76,185,594
	70,030,714	94,692,464
		88,776,465
		70,030,714
For the purpose of the cash flow statement, the year-end cash and cash equivalents comprise the following:		
Cash resources		94,692,464
		70,030,714
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	12,855,751	25,201,906
9 FINANCE COSTS - NET		
Interest received		
Current Account	2,755,072	6,358,089
Interest paid		
Current and Long Term Loans	(5,374,008)	(9,956,443)
Finance Lease	(196,290)	(220,161)
	(2,815,226)	(3,818,515)

Rustenburg Water Services Trust



NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 30 June 2021

	2021 R	2020 R
10 CASH GENERATED FROM OPERATIONS		
Surplus before tax	65,845,615	75,427,453
Adjustments for:		
Interest paid	5,570,298	10,176,604
Interest received	(2,755,072)	(6,358,089)
Depreciation	39,046,437	32,508,454
Net profit on disposal of fixed assets	(9,502)	(6,406)
Impairment	610,683	264,836
	128,308,459	112,012,853
Changes in working capital:		
Trade and other receivables	2,370,649	(76,768,232)
Payables	(28,061,990)	6,192,319
Cash generated from operations	102,617,118	41,436,940

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 are only three major customers.

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.

	2021 R	2020 R	
Financial instruments at amortised cost			
Finance lease liability - Rustenburg Local Municipality	1,592,993	1,844,271	Exposed to interest rate risk
Long-term liabilities - Bank borrowings	-	54,750,904	
Financial instruments at fair value			
Cash resources	94,692,464	70,030,714	Exposed to liquidity risk
Trade receivables	282,254,227	282,287,974	Exposed to credit risk
Trade and other payables	12,855,751	25,201,906	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.

	2021	2020
Water Sales to RLM	154,146,733	139,443,872
Accounts Receivable - Water Sales	(223,880,648)	(250,548,222)
EOH Recovery to RLM	-	-
Accounts Receivable - EOH	(2,172,656)	(2,172,656)
MIG Grant Funding	29,885,566	13,724,490
Accounts Receivable - MIG	(35,559,580)	(7,981,544)
Finance Lease Liabilities	1,592,993	1,844,271
Interest paid - Finance Lease	(196,290)	(220,161)

Rustenburg Water Services Trust

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 30 June 2021



RELATED PARTY TRANSACTIONS (Continued)		2021	2020
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	2,755,072	6,358,089
	Bank Charges	(8,860)	(13,239)
	Interest paid on term loan	(3,833,307)	(9,956,443)
	Term Loan	-	54,750,904
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.		
	Vinesh Dilsook	97,452	45,806
	Jacey Kruger	66,624	31,759
	Adv Mphete	73,790	31,759
	Kgomotso Kumbie	81,243	31,759
		<u>319,110</u>	<u>141,083</u>
13.4	The transaction between senior management and The Rustenburg Water Services Trust is classified as related party transactions. The amounts reflected below is only from 1 January 2021 and was only for six months.		
	Chief Executive Officer Pet Maas	1,072,895	-
	Chief Financial Officer Marius Jacobs	591,845	-
		<u>1,664,740</u>	<u>-</u>
13.6	Key Management of the entity. Due to the relationship between the RLM and the RWST, senior management of RLM is sitting on the Exco of the RWST and as such are regarded as related parties. However, no transactions occurred between the RWST and them.		
14	COMPARISON TO BUDGET		
	The actual performance is compared to the budget and is included on the Statement of Comparison of Actual vs Budget.		
16	IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		
	The Trust is not aware of any irregular, or fruitless and wasteful expenditure which occurred during the financial year. The Trust however did receive a formal objection from one or more of its bidders on tender RWST2017/02, this matter is receiving attention. 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.		
	During the 2020 audit of the financial statements of the Trust the Auditor General instructed the Trust to pay VAT over on MIG Grant Funding received. The Trust paid over the VAT in the 2021 financial year on the AG's instructions and claimed this VAT portion back from RLM because the Trust implemented these projects and the assets that was created lies on the Trust's balance sheet. If RLM does not claim the VAT back from SARS and pay it over to the Trust the Trust would realise a cash flow loss of R 28 013 477, and be classified as fruitless and wasteful.		
18	COMMITMENTS		
	The Trust entered into service level agreements with companies in order to fulfil certain of the Trust's obligations. All the commitments are accrued on a monthly basis as and when the services are rendered.		
	Alula Water / Lektratek	-	1,929,131
	Ultimate Dynamics	1,410,850	3,602,464
	Ecolleges	157,508	157,508
	RCC	1,462,481	2,038,370
	The above commitment to RCC excludes the mechanical & electrical work at the Bospoort Plant Extension as the matter is sub judice.		

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 June 2021
17 INTERGOVERNMENTAL ALLOCATIONS

The net amount of VAT paid over to the South African Revenue Services. 17,273,789 9,430,610

18 IMPAIRMENT

	Recognised in net assets	Recognised in surplus / deficit
Land & Buildings	5,648	20,898
Plant & Equipment	254,865	589,597
Moveable's	227	188
	<u>260,739</u>	<u>610,683</u>

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 2016/17 the municipality started a section 78 process. This is a clear indication that the assets will not revert back to the Municipality after the lease expiry date and as a result the trust now had reason to deviate from IAS17 and could no longer limit the remaining useful life to the end of the lease period. During the 2017 revaluation, condition assessments were performed, new residual values and estimated useful lives were determined resulting in a lower depreciation charge.

The amount of the effect in the current and future periods could not be disclosed, estimating it is impracticable due to the fact that the change in residual values and estimated useful lives were identified as part of the 2017 revaluation and could not be differentiated.

20 DEVIATION FROM COMPETITIVE BIDDING

During the financial year we deviated from competitive bidding with the BATSETA and WSSA contracts. Both contracts are considered to be essential services and will be in place up until new contractors have been appointed. Both contracts were out on tender but after the Rustenburg Local Municipality interfered with the process both tenders validity periods lapsed. The WSSA contract will go out on tender in the following financial year. The BATSETA contract was terminated on 31 December 2020.

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.

	2021	2020
22 COST OF SALES		
Cost of sales attributable to water purification works	18,716,363	18,096,327
Cost of sales attributable to sewerage purification works	82,144,233	72,335,550
	<u>100,860,596</u>	<u>90,431,877</u>
23 REPAIRS		
Repairs attributable to water purification works	1,969,652	903,963
Repairs attributable to sewerage purification works	8,026,115	5,869,025
	<u>9,995,767</u>	<u>6,772,988</u>

Rustenburg Water Services Trust

APPENDICES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2021



ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

INFRASTRUCTURE ASSETS

	CAPITAL PROJECTS (WIP) R	Water purification works R	Sewerage purification works R	Total R
2021				
Cost/ Revaluation	76,412,244	307,719,632	868,767,278	1,252,899,154
Accumulated Depreciation	-	(258,026,523)	(421,554,514)	(679,581,037)
Net Book Amount	76,412,244	49,693,109	447,212,764	573,318,117
2020				
Cost/ Revaluation	224,811,507	305,908,086	712,454,536	1,243,174,129
Accumulated Depreciation	-	(251,737,880)	(392,245,770)	(643,983,650)
Net Book Amount	224,811,507	54,170,205	320,208,766	599,190,478



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Report of the auditor-general to the North West Provincial Legislature and the council on the Rustenburg Water Service Trust

Report on the audit of the financial statements

Opinion

5. I have audited the financial statements of the Rustenburg Water Service Trust set out on pages **376 to 396** which comprise the statement of financial position as at 30 June 2021, 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.
6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Rustenburg Water Service Trust as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA).

Basis for opinion

7. 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.
8. I am independent of the municipal entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
9. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other matter

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

12. 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.

13. In preparing the financial statements, the accounting officer is responsible for assessing the Rustenburg Water Service 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 municipal 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

14. 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.
15. 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

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on usefulness and reliability of the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
17. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipal entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipal entity enabled service delivery. 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.
18. 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 objectives presented in the annual performance report of the municipal entity for the year ended 30 June 2021:

Objectives	Pages in the annual performance report
Objective 2 – procure the construction and oversee implementation	349
Objective 3 – operation and maintenance of treatment plants	349
Objective 4 – provide portable water to Rustenburg Local Municipality	349
Objective 5 – supply treated water to industry off-taker	349

19. I performed procedures to determine whether the reported performance information as 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.

20. I did not identify any material findings on the usefulness and reliability of the reported performance information on any of the selected objectives of the municipal entity.

Other matter

21. I draw attention to the matter below.

Achievement of planned targets

22. Refer to the annual performance report on pages 350 to 378 for information on the achievement of planned targets for the year.

Report on audit of compliance with legislation

Introduction and scope

23. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipal entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
24. The material findings on compliance with specific matters in key legislation are as follows:

Financial statements, performance and annual reports

25. 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.

Other information

26. 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.
27. 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.
28. 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.
29. 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

30. 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 matter reported below

are limited to the significant internal control deficiencies that resulted in the finding on compliance with legislation included in this report.

- The accounting officer of the municipal entity has established effective internal controls; however, management's internal controls and processes over the preparation and presentation of financial statements were not able to produce financial reports that were free from material misstatements. Material corrections were made to the financial statements to improve the presentation and disclosure with consequential non-compliance finding.

Auditor - General

Rustenburg

30 November



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

31. 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 municipal entity’s compliance with respect to the selected subject matters.

Financial statements

32. 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 municipal 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 Service Trust ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause a municipal 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

33. 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.
34. 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.

APPENDIX A: COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

The following table depicts all councillors in the Municipal Council, the political parties they represent, their standing in the council (Ward or Proportional Representative), number of meetings planned and attended.

Councillor	Political Representation	Ward or Proportional Representation	Council Meetings		Attendance of each Councillor	
			Ordinary	Special	Total no of meetings	No. of meetings attended
Babe N B	ANC	PR	6	6	12	12
Bothomane P	F4SD	PR	6	6	12	12
Chauke O R	DA	PR	3	1	12	4
Coetzee M	DA	WARD 17	3	3	12	6
Cronje J C	DA	WARD 16	6	6	12	12
Damoyi M	ANC	WARD 40	5	5	12	10
Du Plessis G E	DA	WARD 14	5	6	12	11
Edwards I	DA	WARD 42	6	6	12	12
Fetmani E M	EFF	PR	2	4	12	6
Gegula D	ANC	WARD 34	6	6	12	12
Jikeka P	EFF	WARD 38	4	2	12	6
Jongela S	ANC	WARS 33	5	6	12	11
Kgaladi P	ANC	PR	5	5	12	10
Kombe O J	BCM	PR	6	6	12	12
Khunou M E	ANC	PR	5	5	12	10
Kwanaite A M	EFF	PR	3	0	12	3
Langeni	ANC	WARD 2	3	4	12	7
Legopelo J B	EFF	PR	4	4	12	8
Lekoro B F	ANC	PR	6	6	12	12
Lerm M F E	DA	WARD 18	6	6	12	12
Mabale-Huma S K	ANC	PR	6	6	12	12

Councillor	Political Representation	Ward or Proportional Representation	Council Meetings		Attendance of each Councillor	
			Ordinary	Special	Total no of meetings	No. of meetings attended
Mafoko S D	ANC	WARD 29	6	6	12	12
Magadane G L	EFF	PR	4	2	12	6
Magadla E B	EFF	PR	1	0	12	1
Majolo W L	EFF	PR	5	3	12	8
Makgale T A	F4SD	PR	6	6	12	12
Makhaula V N	ANC	WARD 23	6	6	12	12
Malan P A	DA	PR	5	4	12	9
Malatji M W	ANC	WARD 2	6	5	12	11
Malinga M	ANC	WARD 9	2	0	12	2
Malla A D	ANC	WARD 1	6	5	12	11
Masilo T I	ANC	WARD 5	6	5	12	11
Mashishi -Ntsime J I	ANC	PR	6	6	12	12
Masondo N G	UDM	PR	4	2	12	6
Mataboge A L	ANC	PR	6	5	12	11
Matlhoko A M	EFF	PR	5	2	12	7
Megalanyane S T	ANC	WARD 43	5	4	12	9
Mekgoe T S	ANC	WARD 26	6	5	12	11
Mhlungu S B M	ANC	PR	6	6	12	12
Miny C	DA	WARD 15	5	5	12	10
Mjekula E N	ANC	WARD 21	3	4	12	7
Mmolotsi C N	DA	PR	5	5	12	10
Mnisi A B P	F4SD	PR	5	6	12	11
Mnisi A L	EFF	PR	3	3	12	6
Mntombi S P	EFF	WARD 32	4	3	12	7

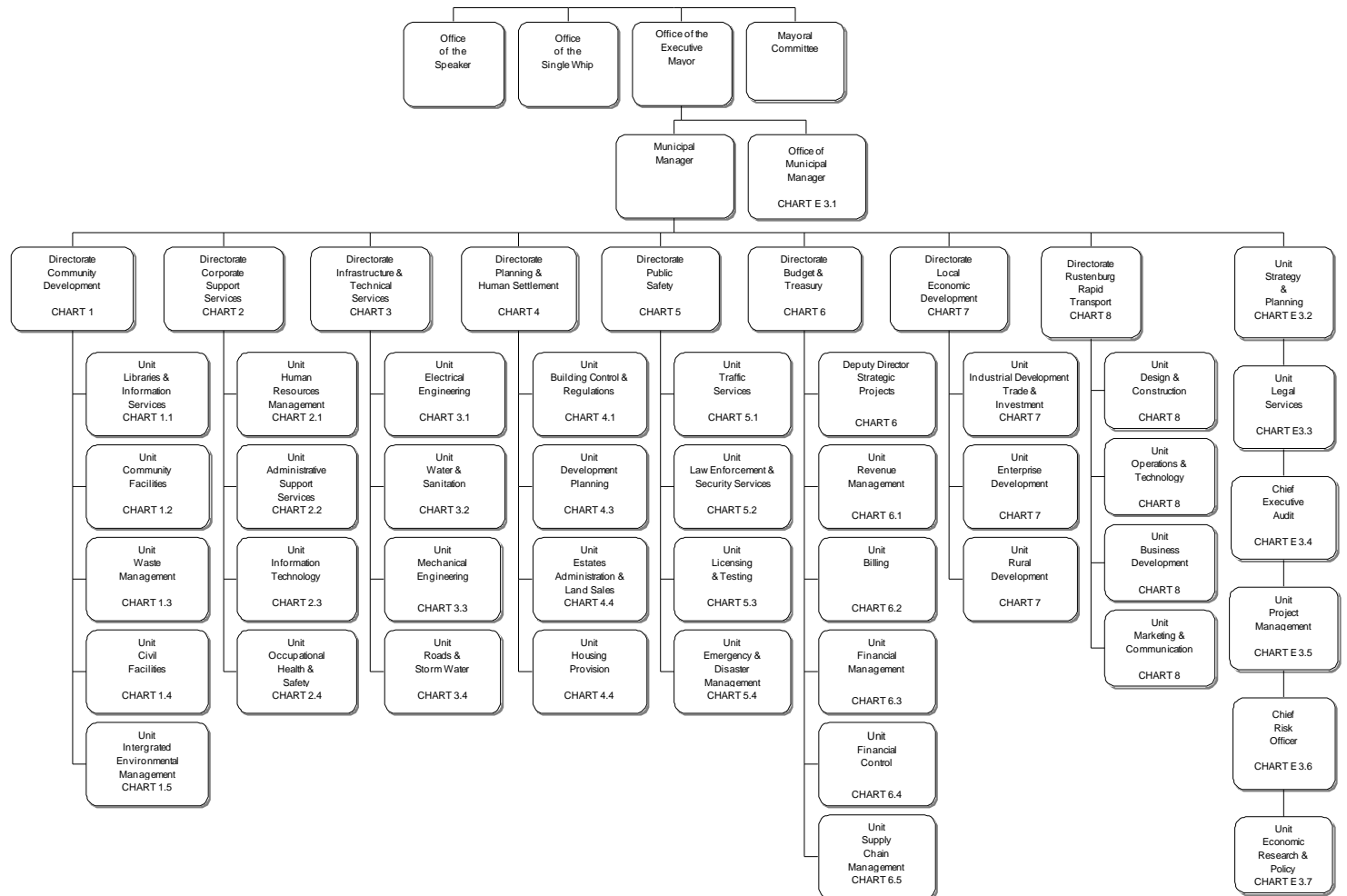
Councillor	Political Representation	Ward or Proportional Representation	Council Meetings		Attendance of each Councillor	
			Ordinary	Special	Total no of meetings	No. of meetings attended
Moatshe F S	ANC	WARD 10	4	5	12	9
Mogotsi H B	ANC		5	6	12	11
Mohube M	DA	PR	5	5	12	10
Mokgatle O	ANC	WARD 7	3	4	12	7
Mokotedi K G	ANC	WARD 11	4	4	12	8
Mokwele L P	ANC	WARD 13	4	5	12	9
Molatlhegi P R	EFF	WARD 28	2	2	12	4
Moleme K G	EFF	PR	2	2	12	4
Molotsane D M	EFF	WARD 45	1	4	12	5
Molubi J N	ANC	WARD 31	6	6	12	12
Monageng V N	ANC	WARD 30	4	4	12	8
Monaise K I	EFF	PR	4	3	12	7
Morei K B	ANC	WARD 27	6	5	12	11
Mosoeu S M S	ANC	WARD 44	3	4	12	7
Motlhamme G S	EFF	WARD 24	5	5	12	10
Mpolokeng B J	EFF	PR	5	2	12	7
Mqanqeni N V	ANC	WARD 35	5	6	12	11
Mvula P	EFF	PR	1	0	12	1
Ngwato J D	ANC	WARD 12	3	1	12	4
Nhacuangu N	DA	PR	6	6	12	6
Njikelane M	ANC	WARD 6	6	6	12	12
Nkgoang L I	ANC	WARD 8	6	5	12	11
Nkgwang V K	EFF	PR	2	2	12	4
Nkosi L M	EFF	PR	3	0	12	3

Councillor	Political Representation	Ward or Proportional Representation	Council Meetings		Attendance of each Councillor	
			Ordinary	Special	Total no of meetings	No. of meetings attended
Nongqoqo M I	ANC	WARD 37	5	6	12	11
Ntimba M S	F4SD	PR	2	1	12	3
Ormajee M	DA	PR	6	4	12	10
Pelesi K L	ANC	WARD 22	5	6	12	11
Radebe M W	EFF	PR	2	3	12	5
Rantho M R	ANC	WARD 3	6	6	12	12
Rootman A	FFP	PR	6	5	12	11
Seleka A	ANC	WARD 20	4	4	12	8
Septhai J L	ANC	WARD 4	3	6	12	9
Sikwane C K	EFF	PR	2	1	12	3
Snyders L B	DA	PR	6	4	12	10
Tjie P	EFF	PR	6	3	12	9
Tlhapi P A	ANC	WARD 25	5	6	12	11
Tshabalala T E	ANC	WARD 19	6	6	12	12
Tsienyane P	ANC	WARD 36	6	6	12	12
Venter P A G	DA	PR	6	6	12	12
Wolf J	ANC	WARD 39	6	6	12	12
Wolmarans S D	ANC	PR	4	6	12	10
Xatasi N	AIC	PR	4	5	12	9
Xhinela	ANC	WARD 41	6	5	12	11

APPENDIX B: COMMITTEES AND COMMITTEE PURPOSE

Section 79 Committees		
No.	Name of Committee	Purpose of Committee
1.	Rules of Order	To regulate the internal arrangements, business and proceedings, establishment, composition, procedure, powers and functions of its Council and Committees and to provide for matters incidental thereto.
2.	Performance Audit Committee	To advise and assist Council, Management and Internal Audit on improving the quality of accounting and internal control functions and to strengthen the credibility of financial reporting
3.	Local Labour Forum	To provide a framework within which employees and their trade unions, employers and employer's organisations can collectively bargain to determine wages, terms and conditions of employment and other matters of mutual interest
4.	Municipal Public Accounts Committee	To provide oversight over the executive obligations of Council and administration
5.	Municipal Planning Tribunal	To provide oversight on 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).
6.	Mayoral Committee	To assist the Executive Mayor in executing his/her functions. The Executive Mayor is the chairperson of the Mayoral Committee.
Section 80 Committees		
No.	Name of Committee	Purpose of Committee
1.	Budget & Treasury	Provide portfolio responsibilities on issues of income, expenditure, budgeting, risk management and auditing
2.	Corporate Support Services	Provide portfolio responsibilities on issues of human resources, administration and information and technology
3.	Community Development	Provide portfolio responsibilities on issues of health services, community facilities and library and information management.
4.	Technical and Infrastructure Services	Provide portfolio responsibilities on issues of electricity, water and sanitation, waste management, roads and storm water and mechanical engineering
5.	IDP, Performance Management , legal & valuation	Provide portfolio responsibilities on issues of IDP; Performance management , legal and valuation and internal auditing
6.	Local Economic Development	Provide portfolio responsibilities on issues of enterprise development, SMME support, industrial development/manufacturing, LED projects, arts, culture and heritage development, tourism development and marketing, agriculture and rural development and research and development
7.	Planning, Human Settlement & Transport	Provide portfolio responsibilities on issues of environmental management , Housing provision, building control, development planning and estates administration.
8.	Public Safety	Provide portfolio responsibilities on issues of emergency, disaster management, road traffic management and by-law enforcement.
9.	IGR, Youth, Children and People living with Disability	Provide portfolio responsibilities on issues of Inter-Governmental Relations, Youth, Children and People Living with Disabilities.
10.	Roads and Transport Services	Provide portfolio responsibilities on issues of Road Transport service
11.	IDP & Budget Steering Committee	Provide oversight responsibilities on issue on IDP and Municipal financial management

APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE (INCLUDING MUNICIPAL ENTITY)



APPENDIX D: POWERS AND FUNCTIONS ALLOCATED TO THE MUNICIPALITY

POWERS AND FUNCTIONS	DESCRIPTION	Performed/ Not Performed
Air Pollution	Management of the air quality that affects human health.	P
Building Regulations	Regulations through by-laws that provide for approval of building plans, building inspections and control of operations and enforcement of contraventions of building regulations.	P
Child Care Facilities	Facilities for early childhood care and development which fall outside the competence of national and provincial government.	NP
Electricity Reticulation	Bulk supply of electricity which includes for the purposes of supply, transmission, distribution and where applicable generation of electricity to areas where the municipality has been providing this services prior to authorisation.	P
Fire Fighting Services	Planning, coordination and regulation of fire services.	P
Local Tourism	Promotion, marketing and development of tourist attraction within the municipal area in order to grow the local economy.	P
Municipal Airport	A demarcated area on land or water or a building which is used for the arrival or departure of aircraft.	NP
Municipal Planning	Compilation and implementation of integrated development plan.	P
Municipal Public Transport (only with regard to taxis)	The regulation and control of services for the carriage of passengers.	P
Storm Water Management Systems	Management of systems to deal with storm water in built-up areas	P
Trading Regulations	Regulation of any area or facility dealing with trade in goods or services.	P
Water	Establishment, operation, management and regulation of a potable water supply system, including the services and infrastructure required.	P
Sanitation	Establishment, operation, management and regulation of a potable water supply system, including the services and infrastructure required.	P
Amusement Facilities	Management and control of a public places for entertainment.	NP
Billboards and Display of Advertisement in Public Places	Display of written or visual descriptive material which promotes the sale and encourages the use of goods and services found in streets, roads, etc.	P
Cemeteries, Funeral Parlours and Crematoria	Establishment, conduct and control of facilities for the purpose of disposing of human and animal remains.	P
Control of Public Nuisance	Cleaning of public streets, roads, and other public spaces.	P
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

CHALLENGES EXPERIENCED AND MEASURES TAKEN TO ADDRESS THEM

Ward	Challenges	Remedial Measures
1 – 45	In most wards the Ward committee system is politicised.	Trainings were proposed to induct members of the ward committees on their roles and responsibilities and to remain apolitical as per the guidelines of the ward committee policy as amended and the Municipal Systems Act.
	Members of the Ward committees alleged to be participating in unlawful activities, which includes inter alia land grab and selling of municipal stands.	The Office of the Speaker has on a number of occasions tried to intervene on this issue; which is why we amended the Ward Committee Policy
	Lack of proper reporting methods on service delivery related issues	We implemented a reporting system; which is linked to the call center. Once the matter is reported, the client gets a reference number in order to track progress

APPENDIX F: MANAGEMENT OF WARD COMMITTEES

NUMBER OF FUNCTIONAL WARD COMMITTEES	NUMBER OF MONTHLY MEETINGS CONDUCTED	NUMBER OF RECOMMENDATIONS MADE TO COUNCIL	NUMBER OF FEEDBACK SESSIONS
44	528	0	0

WARD COMMITTEE FORUMS

DATE OF FORUM	DISCUSSION ITEMS	RESOLUTIONS TAKEN
None held due to Covid 19 restrictions	None	None

INTERACTION WITH HOUSE OF TRADITIONAL LEADERS

NAME OF TRADITIONAL AUTHORITY	DATE OF MEETING	DISCUSSION ITEMS	RESOLUTIONS TAKEN
0	0	0	0

WARD COUNCILLORS AND WARD COMMITTEES TRAINING

TYPE OF TRAINING PROVIDED	DATE OF TRAINING	DATE COMPLETED
None	None	None

APPENDIX G : REPORT AND RECOMMENDATIONS OF THE PERFORMANCE AUDIT COMMITTEE (PAC)
REPORT OF THE PERFORMANCE AUDIT COMMITTEE (PAC) FOR THE FINANCIAL
YEAR 2020/2021

1. INTRODUCTION

The Performance Audit Committee (PAC) is an independent committee of the Rustenburg Local Municipality (RLM) and its municipal entity (Rustenburg Water Services Trust) and was established in terms of section 166(1) of the Municipal Finance Management Act (MFMA), 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 2021.

2. LEGISLATIVE MANDATE

The PAC is constituted in terms of sections 166(1) and (2) and 166 (6) (b) of the 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. 189 dated 29 September 2020. 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 filled during the year under review as per resolution number 10 dated 18 January 2021. 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 (Re-appointed 18 January 2021)	Chairperson	Current * Resigned during (25 September 2021)
2.	H Maritz	Appointed month to month from 22 May 2020 (Item 38) by the Municipal Council	Member	Term ended 18 January 2021
3.	Z Nkosi	3 years (Appointed 29 May 2018)	Member	Term ended 28 May 2021
4.	J Lesolang	3 years (Appointed 18 January 2021)	Member	Current
5.	S Ngobeni	3 years (Appointed 13 August 2019)	Member	Current (Acting Chairperson – 25 January 2022, item 7(3))
6.	L Moyo	3 years (Appointed 13 August 2019)	Member	Current

Meetings and Attendance

The schedule of meetings 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 South Africa (AGSA), National and Provincial Departments were invited to all meetings.

The attendance of Rustenburg Local Municipality (RLM) meetings:

No.	MEMBER	ROLE	MEETINGS HELD	NUMBER OF MEETING HELD	NUMBER OF MEETINGS ATTENDED
1	W.E Huma	Chairperson	13 Nov 2020	4	4
2	H Maritz	Member	4 Dec 2020	4	3
3	Z Nkosi	Member	14 Dec 2020	4	4
4	S Ngobeni	Member	26 Feb 2021	4	4
5	L Moyo	Member		4	4

The attendance of Rustenburg Water Services Trust (RWST) meetings:

No.	MEMBER	ROLE	MEETINGS HELD	NUMBER OF MEETING HELD	NUMBER OF MEETINGS ATTENDED
1	W.E Huma	Chairperson	16 Nov 2020	5	5
2	H Maritz	Member	4 Dec 2020	5	3
3	Z Nkosi	Member	8 Dec 2020	5	5
4	S Ngobeni	Member	15 Feb 2021	5	4
5	L Moyo	Member	25 Feb 2021	5	5

There were no meetings scheduled of the PAC after 26 February 2021 for the remainder of the financial year under review due to the pending Council resolution dated 23 February 2021 stated as:

43. Filling of one (1) Performance Audit Committee member position

PURPOSE

The purpose is to request Council approval to start the process of filling of the position of the one (1) Performance Audit Committee (PAC), whose term if ending on the 28th of May 2021.

5. That a report that clarifies the allegations made against the Performance Audit Committee Chairperson (PAC) be submitted at the next Council sitting of March 2021

The committee made several follow-up emails to the Chief Audit Executive and the Municipal Manager in order to convene the meetings as per the schedule. We have noted that the Municipal Manager requested guidance and assistance in relation to the resolution in terms of the convening of the PAC meetings while the Council resolution implementation is not finalized.

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 a lot of 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 and suggests that there is planning of KPIs versus the resources available and or allocated.

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. We urge management to comply approved Performance Management System Policy Framework at all times.

(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. The Quality Assurance Review (QAR) was conducted by National Treasury was finalized which indicated that there were areas which required improvement and Internal Audit developed and improvement plan that is closely monitored.

The PAC supported efforts to enhance the function’s capacity in 2020/21 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 was limited and or no budget allocation Performance Audits - Three E's (Value for Money – Efficiency, Effective and Economical) Audit, Environment Audits, Special Investigations, Forensic Investigation and or any other specialised audit.
- ✚ The budget allocation of the Internal Audit is not even 1% (one 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 the Entity. The review of the Draft Annual Financial Statements by internal audit and PAC identified several material findings for the consideration of Management. The PAC noted that the municipality did not submit the Annual Financial Statements (AFS) and the consolidated AFS as per the legislated time frames (MFMA, Section 126 (1)(a)(b)) for the financial year under review.

(h) AGSA Management Report and Audit Report

The AGSA Management Report of the Municipality and the Entity were presented to the Performance Audit Committee. The Municipality has received a qualified audit opinion for the year ended 30 June 2021. The entity, on the other hand, received an unqualified audit opinion for the year ended 30 June 2021.

The PAC concurs with AGSA's reported audit findings on the Emphasis of Audit Matters (EAM). The PAC concurs and accepts the AGSA Audit Report on the separate and consolidated annual financial statements, and is of the opinion that the audited annual separate and consolidated financial statements should be accepted together with the AGSA consolidated audit report.

(i) Engagement with other Assurance providers

For the year under review, the Performance Audit Committee engaged with a number of assurance providers including MPAC and AGSA. There is a need to improve the frequency of engagement with MPAC, SALGA, Provincial COGTA and Treasury department (both National and Provincial) to address the matters of common interest.

However, 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 2020/21 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 (SCM)

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.

Compliance with the approved SCM Policy and other SCM Regulations is still a matter of great concern, as there is no or less consequence management being applied consistently.

7. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL (UIFW) EXPENDITURE

The PAC is concerned with the increase in irregular expenditure some of the contributing factors are due to proper procurement processes not followed as stipulated per Supply Chain Management legislation.

Fruitless and wasteful expenditure increased during the financial year under review with no amount yet recovered or written off after investigation. As at the end of the financial year there was no movement in terms of reducing the unauthorized, irregular, fruitless and wasteful expenditure.

The PAC is once more urging management to the improvement of controls to prevent and detect unauthorized, irregular, fruitless and wasteful expenditure. Furthermore, investigations of the UIFW be done urgently and on continuous basis.

8. FINANCIAL VIABILITY / GOING CONCERN

The PAC is concerned about the status of the municipality's ability to continue as a going concern based on the current liabilities exceeding current assets, the recoverability of outstanding debtors is low and more than ninety percent of gross debtors have been impaired and on average the payment of creditors takes longer than the prescribed thirty days' (30 days) payment period (MFMA, Section 65 (2) (e)).

There is no progress in terms of water losses incurred as a result of water lost through the distribution process, which is representing more than forty-five percent (> 45%) of total water purchased which is unacceptable at all times.

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. MATERIAL IRREGULARITIES

The PAC noted the Material Irregularities reported by AGSA for the year under review and follow-up on the prior year reported Material Irregularity. The Material Irregularities pointed to Supply Chain Management in terms of the following in relation to one service provider:

- (a) Fleet management services procured not part of the original tender
- (b) Payments made for fleet management service items above market value.

Prior year Material Irregularity was in relation to penalties paid as a result of late submission of VAT returns which is now part of fruitless and wasteful expenditure. The investigation should be prioritised as a matter of extreme urgency in order to prevent the Material Irregularity being escalated to National for issuing of debt certificate against the accounting officer for failing to investigate, rather it goes to the correct official(s) based on the investigation outcome.

The PAC noticed that there was overriding of controls and abuse of power in the SCM process that resulted to such Material Irregularities. We urge Council to assist in ensuring that the action plans are implemented and management is urged to comply with the SCM Policy and legal prescripts at all times.

11. 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.

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:

A handwritten signature in black ink, appearing to read 'SAB', is enclosed within an oval shape. Below the signature is a solid horizontal line.

SAB Ngobeni

Chairperson of the Performance Audit Committee

Date: 22 March 2021

DATE OF MEETING	DETAILS	ADOPTED BY COUNCIL	NOT ADOPTED BY COUNCIL
29 July 2020	<p>CORPORATE SUPPORT SERVICES</p> <p>(a) Workplace Ethics Report</p> <ul style="list-style-type: none"> ✦ Controls be developed to manage unauthorised disclosure of privileged and confidential information. <p>(b) Human Resource Governance Report</p> <p>(i) Leave management</p> <ul style="list-style-type: none"> ✦ A report comparing sick leave against what the standard is, at other municipalities be compiled. ✦ Leave policy to addresses sick leave after weekends, payday. <p>ii) Vacancy rate:</p> <ul style="list-style-type: none"> ✦ Indicated if positions are funded or not funded. ✦ Indicated if positions are inside or outside the approved organisational structure. 		
	<p>BUDGET & TREASURY OFFICE</p> <p>(a) Quarterly Progress Report: UIFW does not show movement and or progress. Reduction and mitigation plan be developed.</p> <p>(b) Report on system challenges to include the modules that SAGE has versus what we need.</p> <p>Supply Chain Management: Report on contracts and contract management</p> <p>The report to include the following:</p> <ul style="list-style-type: none"> ✦ Contract period ✦ Amount awarded ✦ Expenditure to date 		

	<i>(Which contracts are ending in the next 12 months and do we need those services or not? What is the plan of the municipality in terms of those services? Are they budget for and included in the procurement plan?)</i>		
	RISK MANAGEMENT (a) Draft strategic risk register 2020/2021 Strategic risk registers will be finalised by end of August 2020. ✦ The phrasing of the risks in the risk registers must be revisited. ✦ All the risks should be included and all units within a directorate be covered. (b) Emerging Risk Register COVID-19 risk assessment be finalised.		
	TECHNICAL & INFRASTRUCTURE SERVICES Progress Report on the Strategy and Implementation plan to address electrical losses noted. Progress Report on the Strategy and Implementation plan to address water losses does not show improvement or reduction.		
	INTERNAL AUDIT (a) Quarterly Progress Report. (b) Strategic Operational Plan 2020/2021 approved with PAC inputs. (c) Standard Operating Documents 2020/21 approved by the PAC.		
13 November 2020	CORPORATE SUPPORT SERVICES (a) Workplace Ethics Report ✦ Non declaration of interest be escalated to the Municipal Manager for action to be taken on management who did not disclose. ✦ The report on Code of Ethics to indicated the correct date when it was approved. (b) Report on Implementation of Gift, Rewards & Favours Policy; The Municipal Manager to clarify who is responsible for implementation and monitoring of the Gift, Rewards and Favours Policy. (c) Human Resource Governance Report Leave management ✦ Provide more detail on sick leave and indicate comparisons per quarter. ✦ Trend analysis be reported on to indicated when sick leave is too high. (d) ICT Governance Report		

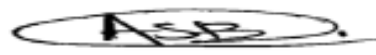
	<p>The report includes the following more details:</p> <p>IT Steering committee:</p> <ul style="list-style-type: none"> ✦ How many meetings were held? ✦ Resolutions taken and progress thereof. <p>IT projects More details be provided in the report regarding their progress and what the projects entails.</p> <p>Audit findings That a report detailing the summary of the tool used in monitoring the Patch management.</p>		
	<p>BUDGET AND TREASURY OFFICE (BTO)</p> <p>(a) Quarterly Financial Statements</p> <ul style="list-style-type: none"> ✦ That the first and second quarterly financial statements be tabled. ✦ A date to be discussed with the CAE with regards to the PAC sitting dates for 2021. <p>(b) Quarterly Progress Report= UIF+W</p> <ul style="list-style-type: none"> ✦ CFO to discuss review of the irregular expenditure with the CAE after evaluating his resources. ✦ If Internal Audit does not have capacity, they can refer matter to the PAC. <p>Supply Chain Management: Report on contracts and contract management</p> <p>(a) Quarterly report on Contract and contract management be prepared for the next meeting. (b) List of contracts as per the AGSA report & action taken to date.</p>		
	<p>RISK MANAGEMENT</p> <p>Updated Strategic risks for 2020-2021 financial year and their mitigation plans noted.</p>		
	<p>TECHNICAL & INFRASTRUCTURE SERVICES</p> <p>Progress Report on the Strategy and Implementation plan to address electrical losses. Impact assessment of the strategies implemented be included in the progress report.</p> <p>Progress Report on the Strategy and Implementation plan to address electrical losses. That more statistical detail progress on implementation plans be included in the report.</p>		

	Internal Audit Internal Audit quarterly report noted. Report on outstanding audit findings That the non-response by management with regards to giving comments will be escalated to the Municipal Manager.		
04 December 2020 (Special)	Annual Financial Statements & Annual Performance Report 2019/2020: The following were resolved as way forward: (a) Process plan regarding AFS & APR submission be developed for 2020/21. (b) A date for the meetings be communicated with the PAC way in advance. (c) Dates as proposed in the schedule be adhered to and any non-submission will be addressed at the meeting.		
26 February 2021	BUDGET AND TREASURY OFFICE (BTO) (i) Irregular, Fruitless & Wasteful Expenditure (IFW) Progress on the implementation of the Reduction plans for tracking and monitoring. Supply Chain Management: Report on contracts and contract management (d) List of contracts paid outside the contract period The submission of the report and the progress to remedy the situation.		
	CORPORATE SUPPORT SERVICES (c) ICT Governance Report ICT steering committee be prioritised to ensure monitoring of the CAPEX.		
	Internal Audit Internal Audit quarterly report noted.		

DATE OF MEETING	DETAILS	ADOPTED BY COUNCIL	NOT ADOPTED BY COUNCIL
30 July 2020	(a) Third Quarter Performance Report Reasons for overachievement of KPI be stated in the performance report.		
	(b) Quarterly Interim Financial Statements New board Chairperson to be invited on the next PAC meeting. The debt repayment be flagged as a strategic risk in the register.		
	(c) Supply Chain Management Implementation Plan ✚ Report on irregular expenditure be submitted. ✚ Report on fruitless and wasteful expenditure be submitted.		
	(d) Progress report on action plan to address Auditor General findings Follow up on AG audit finding that are said to be addressed.		
	RISK MANAGEMENT (a) Progress report on monitoring of Risk Register be submitted. (b) Strategic Risk Register and Emerging Risk Register be submitted.		
	INTERNAL AUDIT (a) Quarterly Progress Report noted. (b) Special PAC meeting to deal with Internal Audit organisational structure. (c) Strategic Operational Plan 2020/2021 approved with PAC inputs. (d) Standard Operating Documents 2020/21 approved by the PAC.		
16 November 2020 (Special)	A special PAC meeting to be scheduled to discuss the following for RWST: (a) Status of the RWST (recent Council resolutions) (b) APR and AFS 2019/20		
	Quarterly Performance Report That additions of reasons for variance and remedial measures be improved.		
04 December 2020 (Special)	Annual Financial Statements & Annual Performance Report 2019/2020: (a) Process plan regarding AFS & APR submission be developed for 2020/21. (b) A date for the meetings be communicated with the PAC way in advance. (c) Dates as proposed in the schedule be adhered to and any non-submission will be addressed at the meeting.		

15 February 2021	Auditor-General South Africa (a) Progress on the 2019/20 Audit noted		
	Mid-year Performance Report PAC noted the performance report. That the remedial measures and reasons for performance variance be indicated for all KPI's.		
	Risk management PAC noted the risk registers and progress on mitigation plans.		
	Internal Audit (a) Quarterly Progress Report noted.		
25 February 2021 (Special)	Draft Audit Report 2019/2020 The Draft Audit Report 2019/2020 was noted by the PAC.		
	Draft Management letter 2019/2020 PAC noted the 2019/20 draft management report.		

Signed on behalf of the Performance Audit Committee:



SAB Ngobeni

Chairperson of the Performance Audit Committee

Date: 22 March 2021

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

P 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 (Extended)	15 YEARS	Per rate

APPENDIX I: MUNICIPAL ENTITY/SERVICE PROVIDER PERFORMANCE SCHEDULE

Addressed with Section 46 Report paragraph 3.24.13

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	-	-	-	-	X
Komane E	Local Economic Development	Local Economic Development	Director: Local Economic Development	X	X	-	-	X	-	-	-	-	-	X
Makona SV	Municipal Manager	Office of the MM	Municipal Manager	X	X	-	-	-	-	-	-	-	-	-
Boikanyo IK	Public Safety	Public Safety	Director: Public Safety	X	X	-	X	-	x	X	-	-	-	X
Roboji Y	Corporate Support Services	Corporate Support Services	Director: Corporate Support Services	X	X	-	x	-	-	-	-	-	-	X
Ditsele GG	Budget and Treasury	Budget and Treasury	Chief Financial Officer	X	X	x	-	-	-	-	-	-	-	X
Moleele OM	Roads and Transport	Roads and Transport	Acting Director: Roads and Transport	X	X	-	x	-	-	-	-	-	-	-
Mahlangu G	Acting Technical and Infrastructure Services	Technical and Infrastructure Services	Acting Director: Technical and Infrastructure Services											

APPENDIX K: REVENUE COLLECTION PERFORMANCE

Refer to Chapter 5.

APPENDIX L: CONDITIONAL GRANTS 2020/2021 FINANCIAL YEAR

Description	Current Year 2020/21		
	Original Budget	Adjusted Budget	Full Year Forecast
R thousand			
RECEIPTS:			
–			
Operating Transfers and Grants			
National Government:	866,960	966,611	966,611
Local Government Equitable Share	756,697	861,905	861,905
Finance Management	1,700	1,300	1,300
NDPG	–	–	–
EPWP	5,422	5,422	5,422
PTIS	85,102	80,445	80,445
PMU	13,039	13,039	13,039
MIG	–	–	–
Energy Efficiency and Demand Management	5,000	4,500	4,500
Other transfers/grants [insert description]			
Provincial Government:	1,546	1,727	1,727
CATA	1,546	1,727	1,727
LG-SETA			
Disaster Relief Grant			
Other transfers/grants [insert description]			
District Municipality:	–	–	–

Description	Current Year 2020/21		
	Original Budget	Adjusted Budget	Full Year Forecast
R thousand			
<i>[insert description]</i>			
Other grant providers:	–	–	–
<i>[insert description]</i>			
Total Operating Transfers and Grants	868,506	968,338	968,338
Capital Transfers and Grants			
National Government:	459,086	426,206	426,206
Municipal Infrastructure Grant (MIG)	220,409	220,409	220,409
Public Transport and Systems	145,837	113,837	113,837
Neighbourhood Development Partnership	10,000	10,000	10,000
Department of Energy	10,000	8,720	8,720
Water Infrastructure Grant	–	–	–
Municipal Systems Improvement	–	400	400
WSIG	72,840	72,840	72,840
Other capital transfers/grants <i>[insert desc]</i>			
Provincial Government:	–	315	315
DPLG	–	–	–
CATA	–	315	315
District Municipality:	–	–	–
<i>[insert description]</i>			
Other grant providers:	–	–	–
<i>[insert description]</i>			
Total Capital Transfers and Grants	459,086	426,521	426,521
TOTAL RECEIPTS OF TRANSFERS & GRANTS	1,327,592	1,394,860	1,394,860

APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/ RENEWALPROGRAMME: INCLUDING MIG

No.	Account Description	Funding Source	Full Year Budget	Year to Date Actual	Variance	Variance %
1	NW373_011 - PPEQ - Office/Acquisitions/Transfer from Operational/Municipal Manager, Town /Whole of the Municipality/Default/OMM : Municipal Manager	Fund:Capital:Transfer from Operational Revenue	75,000	-	75,000	100
2	NW373_010 - PPEQ - Furni/Acquisitions/Transfer from Operational/Municipal Manager, Town /Administrative or Head O/Default/OMM : Municipal Manager	Fund:Capital:Transfer from Operational Revenue	80,000	-	80,000	100
3	Roads Infrastructure:Cost:Acquisitions	Fund:Capital:Transfer from Operational Revenue	200,000	77,588	122,412	61
4	Computer Equipment:Future Use:Cost:Acquisitions	Fund:Capital:Transfer from Operational Revenue	263,500	-	263,500	100
5	Upgrading of Rankelenyane RCC	Fund:Capital:Transfer from Operational Revenue	764,648	-	764,648	100
6	Upgrading of Boitekong RCC	Fund:Capital:Transfer from Operational Revenue	509,967	-	509,967	100
7	Furniture	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	1,500,000	-	1,500,000	100
8	Construction of Sidewalks from Marikana CBD to Township	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Neighbourhood Development Partnership Grant	2,000,000	-	2,000,000	100
9	Roads Infrastructure:Cost:Acquisitions	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Neighbourhood Development Partnership Grant	2,000,000	-	2,000,000	100
10	Capex : Lethabong Sewer Network & Toilet Structures	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	-	-	-	-
11	Acquisition of Laptops	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	500,000	-	500,000	100
12	Intangible Assets:Cost:Other:In-use:Computer Software Accumulated Amortisation:Amortisation	Fund:Non-funding Transactions	-	- 12,968	12,968	-
13	Intangible Assets:Cost:Other:In-use:Computer Software:Opening Balance	Fund:Capital:Transfer from Operational Revenue	840,265	-	840,265	100

No.	Account Description	Funding Source	Full Year Budget	Year to Date Actual	Variance	Variance %
14	Information and Communication Infrastructure:Accumulated Depreciation:Depreciation	Fund:Non-funding Transactions	-	1,328	- 1,328	-
15	Capex : P.P.E > Computer Equip - Laptops	Fund:Capital:Transfer from Operational Revenue	1,000,000	644,833	355,167	36
16	NW373_215 - PPEQ - Appliances_Specialised Library Furniture/Acquisitions/Transfer from Operational Revenue/Administrative and Corporate Support/Whole of the Municipality/Default/DCS : Occup Health	Fund:Capital:Transfer from Operational Revenue	10,000	-	10,000	100
17	NW373_035 - Operational Cost : Other_laundry machines/Acquisitions/Transfer from Operational Revenue/Administrative and Corporate Support/Whole of the Municipality/Default/DCS : Occup Health	Fund:Capital:Transfer from Operational Revenue	450,000	-	450,000	100
18	NW373_035 - Operational Cost : Other_EMERGENCY ALARM/ COMMUNICATION SYSTEM (Evacuation)/Acquisitions/Transfer from Operational Revenue/Administrative and Corporate Support/Whole of the Municipality/Default/DCS : Occup Health	Fund:Capital:Transfer from Operational Revenue	12,000	-	12,000	100
19	NW373_035 - Operational Cost : Other_EMERGENCY ALARM/ COMMUNICATION SYSTEM (Evacuation)/Acquisitions/Transfer from Operational Revenue/Administrative and Corporate Support/Whole of the Municipality/Default/DCS : Occup Health	Fund:Capital:Transfer from Operational Revenue	120,000	-	120,000	100
20	Computer Equipment:Future Use:Accumulated Depreciation:Depreciation	Fund:Capital:Transfer from Operational Revenue	9,598,324,172	-	9,598,324,172	100
21	Default Transactions/Opening Balance/Non-funding Transactions/Finance/Whole of the Municipality/Default/BTO : Chief Financial Of/	Fund:Non-funding Transactions	141,918	-	141,918	100
22	075 - Furniture and fittings	Fund:Capital:Transfer from Operational Revenue	50,000	-	50,000	100
23	Investment Property:Cost Model:Accumulated Depreciation:Depreciation	Fund:Non-funding Transactions	-	5,050,198	5,050,198	-
24	NW373_080 - Operational /Acquisitions/Local Government Financi/Finance/Administrative or Head O/Default/FINANCIAL CONTROL [BUDGE/	Fund:Operational:Transfers and Subsidies:Monetary Allocations:National Government:Local Government Financial Management Grant	-	233,036	- 233,036	-

No.	Account Description	Funding Source	Full Year Budget	Year to Date Actual	Variance	Variance %
25	Investment Property:Cost Model:Additions	Fund:Non-funding Transactions	374,321,194	-	374,321,194	100
26	Machinery and Equipment	Fund:Capital:Transfer from Operational Revenue	500,000	-	500,000	100
27	Computer Equipment:In-use:Accumulated Depreciation:Depreciation	Fund:Non-funding Transactions	-	- 892,843	892,843	-
28	Furniture and Office Equipment:In-use:Accumulated Depreciation:Depreciation	Fund:Non-funding Transactions	-	- 6,062,071	6,062,071	-
29	Machinery and Equipment:In-use:Accumulated Depreciation:Depreciation	Fund:Non-funding Transactions	-	- 1,498,704	1,498,704	-
30	Transport Assets:Owned and In-use:Accumulated Depreciation:Depreciation	Fund:Non-funding Transactions	-	- 7,066,824	7,066,824	-
31	NW373_130 - PPEQ - ASSET/Acquisitions/Transfer from Operationa/Police Forces, Traffic a/Whole of the Municipalit/Default/TRAFFIC SERVICES [PUBLIC	Fund:Capital:Transfer from Operational Revenue	200,000	-	200,000	100
32	NW373_130 - PPEQ - ASSET/Acquisitions/Transfer from Operationa/Police Forces, Traffic a/Whole of the District/Default/TRAFFIC SERVICES [PUBLIC	Fund:Capital:Transfer from Operational Revenue	500,000	-	500,000	100
33	Blue lights for managers	Fund:Capital:Transfer from Operational Revenue	150,000	-	150,000	100
34	NW373_011 - PPEQ - Offic/Acquisitions/Transfer from Operationa/Licensing and Control of/Whole of the Municipalit/Default/TESTING AND LICENSES [PU	Fund:Capital:Transfer from Operational Revenue	0	-	0	100
35	NW373_140 - PPEQ - Prope/Acquisitions/Transfer from Operationa/Licensing and Control of/Whole of the Municipalit/Default/TESTING AND LICENSES [PU	Fund:Capital:Transfer from Operational Revenue	800,000	-	800,000	100
36	NW373_140 - PPEQ - Prope/Acquisitions/Transfer from Operationa/Licensing and Control of/Whole of the Municipalit/Default/TESTING AND LICENSES [PU	Fund:Capital:Transfer from Operational Revenue	200,000	-	200,000	100
37	Roadworthy Equipment	Fund:Capital:Transfer from Operational Revenue	100,000	-	100,000	100
38	Land:Distribution Plant:In-use:Accumulated Impairment:Impairment	Fund:Non-funding Transactions	-	- 72,811	72,811	-
39	Capex : P.P.E > Land Acquisition	Fund:Capital:Transfer from Operational Revenue	2,000,000	-	2,000,000	100

No.	Account Description	Funding Source	Full Year Budget	Year to Date Actual	Variance	Variance %
40	Capex : P.P.E > Replacement_ Stoves & Geysers	Fund:Capital:Transfer from Operational Revenue	1,500,000	-	1,500,000	100
41	RUSTENBURG FLEA MARKET AND VIC - MAINTENANCE	Fund:Capital:Transfer from Operational Revenue	250,000	-	250,000	100
42	SHOWGROUNDS MAINTENANCE AND UPGRADE	Fund:Capital:Transfer from Operational Revenue	300,000	-	300,000	100
43	SMME TRAINING CENTRE	Fund:Capital:Transfer from Operational Revenue	200,000	-	200,000	100
44	215 - Boitekong Library Extension	Fund:Capital:Transfers and Subsidies:Monetary Allocations:Departmental Agencies and Accounts:Provincial Departmental Agencies:North West Provincial Aids Council	345,385	275,290	70,095	20
45	NW373_215 - PPEQ - machinery_installation of air conditioners/Acquisitions/Specify (Add grant description)/Libraries and Archives/Whole of the Municipality/Default/LIBRARY AND INFORMATION SERVICES [COMMUNITY DEVELOPMENT]	Fund:Capital:Transfers and Subsidies:Monetary Allocations:Provincial Government:North West:Capacity Building and Other:Specify (Add grant description)	20,000	-	20,000	100
46	NW373_215 - PPEQ - machinery_MOBILE LIBRARY/Acquisitions/Specify (Add grant description)/Libraries and Archives/Whole of the Municipality/Default/LIBRARY AND INFORMATION SERVICES [COMMUNITY DEVELOPMENT]	Fund:Capital:Transfers and Subsidies:Monetary Allocations:Provincial Government:North West:Capacity Building and Other:Specify (Add grant description)	250,000	-	250,000	100
47	NW373_220 - PPEQ - Cemet/Acquisitions/Transfer from Operationa/Cemeteries, Funeral Parl/Whole of the Municipality/Default/CEMETERIES [COMMUNITY DE	Fund:Capital:Transfer from Operational Revenue	200,000	-	200,000	100
48	PPE 075_Machinery and Eq/Acquisitions/Transfer from Operationa/Community Halls and Faci/Whole of the Municipality/Default/DCD : Parks And Open Are/	Fund:Capital:Transfer from Operational Revenue	100,000	-	100,000	100
49	Capex : P.P.E > Acquisitions - Water Pump	Fund:Capital:Transfer from Operational Revenue	100,000	47,000	53,000	53
50	Equipment	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Public Transport Network Grant	10,540	-	10,540	100
51	Capex : P.P.E > Laptops	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Public Transport Network Grant	405,400	-	405,400	100

No.	Account Description	Funding Source	Full Year Budget	Year to Date Actual	Variance	Variance %
52	Unprgrading and rehabilitation of RRT Office	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Public Transport Network Grant	1,162,000	-	1,162,000	100
53	Capex : P.P.E > Furniture	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Public Transport Network Grant	2,635,000	-	2,635,000	100
54	Machinery and Equipment:Future Use:Cost:Acquisitions	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Public Transport Network Grant	588,821	-	588,821	100
55	Capex : P.P.E > NON-MOTORISED TRANSPORT WALK WAYS AND BUS STOPS, CONTRACT B	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Public Transport Network Grant	15,404,000	-	15,404,000	100
56	Capex : P.P.E > RRT Stations	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Public Transport Network Grant	60,603,000	64,229,587	- 3,626,587	- 6
57	Capex : P.P.E > RRT Bus Depot	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Public Transport Network Grant	25,733,893	9,952,406	15,781,487	61
58	Capex : P.P.E > DESIGNING, BUILDING AND OPERATION OF INTELLIGENT TRANSPORT SYSTEMS	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Public Transport Network Grant	3,594,000	-	3,594,000	100
59	NW373_270 - PPEQ - Buildings_ Interim Bus Depots/Acquisitions/Public Transport Network Grant/Taxi Ranks/Ward 8/Default/RRT : Rustenburg Rapid Transport	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Public Transport Network Grant	4,000,000	1,992,421	2,007,579	50
60	Marikana Roads and Stormwater Drainage(Thekwane)	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	10,000,000	-	10,000,000	100
61	Marikana Roads and Stomwater Drainage(Photsaneng)	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	10,000,000	-	10,000,000	100
62	Marikana Internal Roads	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	10,000,000	7,092,056	2,907,944	29

No.	Account Description	Funding Source	Full Year Budget	Year to Date Actual	Variance	Variance %
63	Construction of Boitekong Ward 19 Roads & Stormwater (Paardekraal)	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	2,000,000	-	2,000,000	100
64	Construction of Boitekong Ward 19 Roads & Stormwater (Ward 20)	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	5,600,000	731,527	4,868,473	87
65	Construction of Boitekong Ward 19 Roads & Stormwater (Ward 21)	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	5,600,000	879,677	4,720,323	84
66	Marikana Roads and Stormwater Drainage(Bethanie)	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	12,000,000	5,461,414	6,538,586	54
67	Construction of Boitekong Ward 19 Roads & Stormwater (Ward 40)	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	5,709,342	3,369,451	2,339,891	41
68	Capex : P.P.E > Meriting Roads & Stormwater Ward 18 Phase 4	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	17,500,000	11,986,126	5,513,874	32
69	Capex : P.P.E > Storm Water Drains - Phatsima	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	6,000,000	3,775,994	2,224,006	37
70	Capex : P.P.E > Roads>Boitekong Ward 22	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	4,000,000	5,756,053	- 1,756,053	- 44
71	Capex : P.P.E > Upgrade & Construction - Roads_Kanana	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	5,000,000	688,226	4,311,774	86
72	Capex : P.P.E > Upgrade - Roads_Sondela	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	12,000,000	3,270,223	8,729,777	73
73	Capex : P.P.E > Upgrade - Roads_Ramochana	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	14,000,000	3,729,259	10,270,741	73

No.	Account Description	Funding Source	Full Year Budget	Year to Date Actual	Variance	Variance %
74	Capex : P.P.E > Upgrade - Roads_Seraleng	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	1,000,000	-	1,000,000	100
75	Roads Infrastructure:Accumulated Depreciation:Depreciation	Fund:Non-funding Transactions	-	- 46,491,932	46,491,932	-
76	Upgrading of roads and stormwater in Robega	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	2,500,000	-	2,500,000	100
77	Upgrading of roads and stormwater in Lefaragatlhe	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	11,000,000	3,121,158	7,878,842	72
78	Upgrading of roads and stormwater in Maile	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	8,000,000	6,720,737	1,279,263	16
79	Upgrading of roads and stormwater in Bethanie	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	-	1,153,873	- 1,153,873	-
80	Upgrading of roads and stormwater in Mamerotse	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	10,500,000	8,221,651	2,278,349	22
81	CONSTRUCTION OF INTERNAL ROADS IN KANANA PHASE 4	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	9,000,000	3,058,349	5,941,651	66
82	Capex : P.P.E > REVAMP of MPHENI	Fund:Capital:Transfer from Operational Revenue	3,500,000	-	3,500,000	100
83	Capex : P.P.E > Revamp_Civic Centre	Fund:Capital:Transfer from Operational Revenue	2,000,000	-	2,000,000	100
84	Other Assets:Accumulated Depreciation:Depreciation	Fund:Non-funding Transactions	-	- 34,591,581	34,591,581	-
85	Capex : P.P.E > Constr_Marikana Waste Transfer Station	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	1,000,000	-	1,000,000	100
86	Solid Waste Infrastructure:Accumulated Depreciation:Depreciation	Fund:Non-funding Transactions	-	- 72,216,551	72,216,551	-

No.	Account Description	Funding Source	Full Year Budget	Year to Date Actual	Variance	Variance %
87	Capex : P.P.E > Boitekong Cemetery	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	1,000,000	-	1,000,000	100
88	Capex : P.P.E > Brushcutters - Parks	Fund:Capital:Transfer from Operational Revenue	50,000	35,478	14,522	29
89	Distribution - Replacement of Hydraulic Hand Tools In Store Room	Fund:Capital:Transfer from Operational Revenue	200,000	-	200,000	100
90	Injection tester - Primary and secondary	Fund:Capital:Transfer from Operational Revenue	500,000	-	500,000	100
91	Distribution - Replacement of Electricians Tool Boxes	Fund:Capital:Transfer from Operational Revenue	400,000	-	400,000	100
92	Batteries and Chargers	Fund:Capital:Transfer from Operational Revenue	500,000	-	500,000	100
93	Capex : Inta > Supervisory Ctrl & Data Acquisition (S.C.A.D.A) Sys	Fund:Capital:Transfer from Operational Revenue	3,000,000	-	3,000,000	100
94	Electrical Infrastructure:In-use:LV Networks:Accumulated Depreciation:Depreciation	Fund:Non-funding Transactions	-	-72,686,860	72,686,860	-
95	NW373_310 - PPEQ - Elect/Acquisitions/Integrated National Elec/Electricity/Whole of the Municipality/Default/DTIS : Electrical Eng Se	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Integrated National Electrification Programme Grant	2,000,000	-	2,000,000	100
96	Capex : P.P.E > Upgrading - Electricity Network	Fund:Capital:Transfer from Operational Revenue	4,700,000	-	4,700,000	100
97	Voltaire Substation Refurbishment	Fund:Capital:Borrowing:Non-current:Government Loans:Specify	25,000,000	-	25,000,000	100
98	Motor City Substation Refurbishment	Fund:Capital:Borrowing:Non-current:Government Loans:Specify	15,000,000	-	15,000,000	100
99	Waterkloof Substation Refurbishment	Fund:Capital:Borrowing:Non-current:Government Loans:Specify	15,000,000	-	15,000,000	100
100	Industries Substation Refurbishment	Fund:Capital:Borrowing:Non-current:Government Loans:Specify	50,000,000	-	50,000,000	100
101	Dinie Estate - Bulk electrical line	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Integrated National Electrification Programme Grant	2,953,113	2,447,440	505,673	17

No.	Account Description	Funding Source	Full Year Budget	Year to Date Actual	Variance	Variance %
102	Dinie Estate - House connections	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Integrated National Electrification Programme Grant	3,766,887	3,766,887	-	-
103	Capex : P.P.E > installation of High Mast Light in Mosentha/ Ikageng	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	3,000,000	150,777	2,849,223	95
104	Installation of High Mast Light in Kanana Phase 2	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	3,000,000	87,248	2,912,752	97
105	NW373_340 - WSIG_Distrib/Acquisitions/Water Services Infrastru/Water Distribution/Ward 17/Default/DTIS : Water Service	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Water Services Infrastructure Grant	2,500,000	-	2,500,000	100
106	Erection of A 3ML Steel Tank At Tierkloof	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Water Services Infrastructure Grant	1,000,000	-	1,000,000	100
107	Marikana: Maditlhokwe Informal Settlement	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Water Services Infrastructure Grant	4,000,000	1,493,467	2,506,533	63
108	Provision of Temporary Water Supply in Rietvlei	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Water Services Infrastructure Grant	700,000	-	700,000	100
109	The augmentation of water supply to the Boschfontein (Ward 35)	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Water Services Infrastructure Grant	3,400,000	1,033,857	2,366,143	70
110	Augmentation of water supply to the Nkandla Area	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Water Services Infrastructure Grant	7,000,000	-	7,000,000	100
111	Augmentation of water supply to Freedom Park (Ward 24)	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Water Services Infrastructure Grant	7,000,000	-	7,000,000	100
112	Rustenburg CBD AC & Aged Water Meters Replacement & Connections	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Water Services Infrastructure Grant	5,500,000	1,641,616	3,858,384	70

No.	Account Description	Funding Source	Full Year Budget	Year to Date Actual	Variance	Variance %
113	CONSTRUCTION of SYFERBULT WATER SUPPLY	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Water Services Infrastructure Grant	2,700,000	631,138	2,068,862	77
114	Phatsima Extension 3 Water Supply Scheme and Yard Connection	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	11,000,000	8,497,993	2,502,007	23
115	Upgrading of Water Supply Infrastructure in Syferbult	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Water Services Infrastructure Grant	2,500,000	2,522,445	- 22,445	- 1
116	Provision of water supply in Phoane (Ward 35)	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Water Services Infrastructure Grant	-	257,023	- 257,023	-
117	NW373_340 - WSIG_Provisi/Acquisitions/Water Services Infrastru/Water Distribution/Ward 36/Default/DTIS : Water Service	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Water Services Infrastructure Grant	1,700,000	-	1,700,000	100
118	Capex : P.P.E > Sewer_Outfall Sewers (Water Conservation and Demand Management)	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Water Services Infrastructure Grant	20,840,000	17,840,102	2,999,899	14
119	340 -REPLACEMENT OF AC PIPES - RUSTENBURG NOORD	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Water Services Infrastructure Grant	1,000,003	-	1,000,003	100
120	Water Supply Infrastructure:Boreholes:Accumulated Depreciation:Depreciation	Fund:Non-funding Transactions	-	- 5,687,490	5,687,490	-
121	SMART CITY - PREPAID METER ROLLOUT (ALL WARDS)	Fund:Capital:Borrowing:Non-current:Government Loans:Specify	20,000,000	-	20,000,000	100
122	Property, Plant and Equipment:Cost Model:Water Supply Infrastructure:Distribution:Cost:Acquisitions	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	6,000,000	3,824,730	2,175,270	36
123	Capex : P.P.E > Construction_Bulk Water Pipeline - Bospoort	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	8,000,000	-	8,000,000	100
124	Water Supply Infrastructure:Distribution:Accumulated Depreciation:Depreciation	Fund:Non-funding Transactions	-	- 25,922,709	25,922,709	-

No.	Account Description	Funding Source	Full Year Budget	Year to Date Actual	Variance	Variance %
125	Lekgalong Water Supply	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Water Services Infrastructure Grant	2,500,000	-	2,500,000	100
126	Water Supply Infrastructure:Water Treatment Works (WTW):Accumulated Depreciation:Depreciation	Fund:Non-funding Transactions	-	51	51	-
127	Sewer_Lethabong & Toilet Structures	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	18,000,000	17,362,717	637,283	4
128	REPLACEMENT OF AC SEWER PIPES - PROTEA PARK	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Water Services Infrastructure Grant	4,500,000	-	4,500,000	100
129	Capex : P.P.E > Replacement Of Tlhabane Ac Sewer Bulk Line	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	9,000,000	5,588,389	3,411,611	38
130	Capex : P.P.E > Upgrading & Extension Of The Bospoort Water Treatment Plant	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	2,000,000	-	2,000,000	100
131	Capex : P.P.E > Upgrade - Marikana Outfall Sewer	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Water Services Infrastructure Grant	6,000,000	6,178,273	- 178,273	- 3
132	Capex : P.P.E > Upgrading - Western Bulk Sewer Lines	Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	1,000,000	687,246	312,754	31

APPENDIX N: CAPITAL PROGRAMME BY PROJECT: CURRENT YEAR

Function	Project Description	Ward Location	Budget Year 2021/22
Parent municipality:			
<i>List all capital projects grouped by Function</i>			
Roads and Stormwater	Meriting Roads & Stormwater Ward 18 Phase 4 (Ward 4,5,6)	4,5,6	53,241
DTIS : Electrical Eng Services	Replacement of 33kV Cables (Industries and Noord Substation 4700, Park and Munic Substation 3200m Munic and Boschdal Substation 4300m, Park and Donkerhoek Substation 4600m, Park and Boschdal Substation 3900m)	13,,14,15,16,17	35,550
DTIS : Water Service	Capex : P.P.E > Sewer_Outfall Sewers (Water Conservation and Demand Management)	ALL	25,947
RRT : Rustenburg Rapid Transport	BUS DEPOT	ALL	21,131
RRT : Rustenburg Rapid Transport	STATIONS	ALL	19,437
Roads and Stormwater	Construction of Marikana roads and stormwater (Mfidikoe & Thabaneng)	34,29	19,000
RRT : Rustenburg Rapid Transport	NON MOTORISED WALK AWAY	ALL	18,500
DTIS : Electrical Eng Services	Refurbishment of vandalised network	ALL	18,000
Roads and Stormwater	Meriting Roads & Stormwater Ward 18 Phase 4 (Ward 3)- Seraleng	3	16,000
RRT : Rustenburg Rapid Transport	INTERIM BUS DEPOT	ALL	14,560
Roads and Stormwater	Storm Water Drains - Phatsima	1	14,000
DCD: Cemeteries	Upgrading of Rietvlei Cemetery Phase 2	16	13,526
DTIS : Electrical Eng Services	Integrated National Electrification Programme (New Boitekong 88/11kv Substation)	21,22	12,500
DTIS : Electrical Eng Services	Refurbishment of Aged Rural Network	ALL	12,500
RRT : Rustenburg Rapid Transport	DESIGN, BUILDING AND OPERATIONS	ALL	12,058
DTIS : Electrical Eng Services	Electrical Tools and Equipment	ALL	11,975

Function	Project Description	Ward Location	Budget Year 2021/22
DTIS : Electrical Eng Services	Refurbishment of Traffic Light Intersections	ALL	10,000
DTIS : Electrical Eng Services	Distribution - Refurbishment of 11kV Substation Equipment	ALL	10,000
DCD: Sport Facilities	Tlhabane West Sports Facility	8	10,000
DTIS : Electrical Eng Services	Capex : Inta > Supervisory Ctrl & Data Acquisition (S.C.A.D.A) Sys	ALL	10,000
RRT : Rustenburg Rapid Transport	TURNAROUND FACILITY	ALL	9,360
Roads and Stormwater	Construction of Boitekong Ward 19 Roads & Stormwater (Ward 40)	40	8,000
EMERGENCY AND DISASTER	DISASTER VEH- (SKIT UNIT, CABS, COMBI, PANEL MINI TRUCK)	ALL	8,000
DTIS : Water Service	Augmentation of water supply to the Nkandla Area	42	7,000
DTIS : Water Service	Augmentation of water supply to Freedom Park (Ward 24)	24	7,000
ESTATES	Capex : P.P.E > Land Acquisition	ALL	6,000
DTIS : Sanitation ServiceA	Capex : P.P.E > Upgrade - Marikana Outfall Sewer	31,32	6,000
DTIS : Water Service	Rustenburg CBD AC & Aged Water Meters Replacement & Connections	ALL	5,500
DCD : CIVIL FACILITIES DEVELOPMENT AND MANAGEMENT [COMMUNITY DEVELOPMENT]	Capex : P.P.E > REVAMP of MPHENI	ALL	5,230
Roads and Stormwater	Monnakato Roads and Stormwater	25	5,000
Roads and Stormwater	Lethabong Ward 27 Roads and Stormwater	27	5,000
Roads and Stormwater	Lethabong Ward 28 Roads and Stormwater	28	5,000
Roads and Stormwater	Construction of Boitekong Ward 19 Roads & Stormwater (Ward 20)	19,20	5,000
OMM: Project Management Unit	Construction of Sidewalks from Marikana CBD to Township	31,32	5,000
OMM: Project Management Unit	Marikana Main Road Upgrade	31,32	5,000
ENTERPRISE DEVELOPMENT [LOCAL ECONOMIC DEVELOPMENT]	PRORERTY, PLANT & EQUIPMENT : BOITEKONG TRADING HUB	19,20, 21	5,000
DTIS : Sanitation Service	Replacement Of Tlhabane Ac Sewer Bulk Line	9,10,11	5,000

Function	Project Description	Ward Location	Budget Year 2021/22
DTIS : Sanitation Service	REPLACEMENT OF AC SEWER PIPES - PROTEA PARK	16	4,500
DTIS : Electrical Eng Services	Dinnie Estates Bulk Line	35	4,200
DTIS : Water Service	Marikana: Madithokwa Informal Settlement	31,32	4,000
DTIS : Water Service	Construction of Bulk Water Pipeline: Bospoort	ALL	4,000
Roads and Stormwater	Upgrading of Roads: Ramochana	39	4,000
Roads and Stormwater	Upgrading of Roads and Stormwater in Robega	2	4,000
Roads and Stormwater	Upgrade -Makolokwe Internal Roads	29	4,000
Roads and Stormwater	Construction of Boitekong Ward 19 Roads & Stormwater (Ward 21)	19	4,000
Roads and Stormwater	Upgrade & Construction of Roads: Kanana	23	4,000
DTIS : Sanitation Service	Upgrading - Western Bulk Sewer Lines	ALL	4,000
Roads and Stormwater	Storm Water Drains - Freedom Park	24	4,000
INFORMATION TECHNOLOGY [CORPORATE SUPPORT SERVICES]	Capex : P.P.E > Computer Equip – Laptops	ALL	4,000
OMM: Project Management Unit	Furniture	ALL	4,000
Roads and Stormwater	Construction of Boitekong Ward 19 Roads & Stormwater (Paardekraal)	19	4,000
Roads and Stormwater	Marikana Roads and Stormwater Drainage (Bethanie)	30	4,000
Roads and Stormwater	Marikana Roads and Stormwater Drainage (Thekwane)	45	4,000
Roads and Stormwater	Marikana Roads and Stormwater Drainage (Photsaneng)	45	4,000
DTIS : Water Service	Tlhabane AC Water	9,10, 11,13	4,000
DTIS : Water Service	The augmentation of water supply to the Boschfontein (Ward 35)	35	3,400
LAW ENFORCEMENT	SECURITY SYSTEMS & CCTV CAMERAS	ALL	3,400
RRT : Rustenburg Rapid Transport	UPGRADE OF RRT OFFICE	ALL	3,288

Function	Project Description	Ward Location	Budget Year 2021/22
DTIS : Electrical Eng Services	Distribution - Refurbishment of 11KV Substation Buildings	ALL	3,000
DTIS : Electrical Eng Services	Capex : P.P.E > Upgrading - Electricity Network	ALL	3,000
DTIS : Sanitation ServiceA	Boitekong Ext 8 - Upgrading of pump station	ALL	3,000
RRT : Rustenburg Rapid Transport	FURNITURE	ALL	2,740
DTIS : Water Service	CONSTRUCTION of SYFERBULT WATER SUPPLY	36	2,700
DTIS : Water Service	NW373_340 - WSIG_Distrib/Acquisitions/Water Services Infrastructure /Water Distribution/Ward 17/Default/DTIS : Water Service	17	2,500
DTIS : Water Service	Upgrading of Water Supply Infrastructure in Cyferbult	36	2,500
DTIS : Water Service	Lekgalong Water Supply	44	2,500
DTIS : Electrical Eng Services	Ripple Relays Streetlights and Geysers (New)	ALL	2,500
LAW ENFORCEMENT	BIOMETRICS SYSTEM	ALL	2,400
ENTERPRISE DEVELOPMENT [LOCAL ECONOMIC DEVELOPMENT]	PROPERTY, PLANT AND EQUIPMENT : RUSTENBURG FLEA MARKET _SEIF	ALL	2,287
LAW ENFORCEMENT	VEHICLES (TOWING VEHICLES 4 TON, TRUCK WITH CANOPY, CANOPIES)	ALL	2,200
DCD : CIVIL FACILITIES DEVELOPMENT AND MANAGEMENT [COMMUNITY DEVELOPMENT]	Capex : P.P.E > Revamp_Civic Centre	ALL	2,092
DTIS: Street Lighting	Installation of High Mast Light in Robega	2	2,000
DTIS: Street Lighting	Installation of High Mast Light in Mosenthal/ Ikageng	44	2,000
DTIS: Street Lighting	Installation of High Mast Light in Kanana Phase 2	23	2,000
DTIS : Electrical Eng Services	HV Test machine and Equipment (replacement)	ALL	2,000
RURAL DEVELOPMENT [LOCAL ECONOMIC DEVELOPMENT]	PROPERTY, PLANT AND EQUIPMENT : RENOVATIONS FPSU (FARMER'S PRODUCTION SUPPORT UNIT)	ALL	2,000
EMERGENCY AND DISASTER	REFURBISHMENT OF FIRE STATIONS X 3	ALL	2,000
EMERGENCY AND DISASTER	WATER TOWER AT MARIKANA FIRE HOUSE	31,32	2,000
DTIS : Water Service	Phatsima Extension 3 Water Supply Scheme and Yard Connection	1	2,000

Function	Project Description	Ward Location	Budget Year 2021/22
DTIS : Sanitation Service	Sewer Lethabong & Toilet Structures	27,28	2,000
DTIS : Sanitation Service	Upgrading & Extension Of The Bospoort Water Treatment Plant	ALL	2,000
DTIS : Water Service	NW373_340 - WSIG_Provisi/Acquisitions/Water Services Infrastructure/Water Distribution/Ward 36/Default/DTIS : Water Service	36	1,700
HOUSING PROVISION	Capex : P.P.E > Replacement_ Stoves & Geysers	ALL	1,500
DTIS : Electrical Eng Services	Injection tester - Primary and secondary	ALL	1,200
DCD : Parks And Open Areas	Three 23/25 staff transporters	ALL	1,200
DTIS : Water Service	340 -REPLACEMENT OF AC PIPES - RUSTENBURG NOORD	13	1,000
DCD: Waste Management	Construction of Marikana Waste Transfer Station	31, 32	1,000
DTIS : Electrical Eng Services	Batteries and Chargers	ALL	1,000
POLICY AND RESEARCH [LOCAL ECONOMIC DEVELOPMENT]	PROPERTY, PLANT AND EQUIPMENT : OUTDOOR ADVERTISING FURNITURE	ALL	1,000
RURAL DEVELOPMENT [LOCAL ECONOMIC DEVELOPMENT]	PROPERTY, PLANT AND EQUIPMENT : SIGNAGES (VIC AND FPSU)	ALL	1,000
RURAL DEVELOPMENT [LOCAL ECONOMIC DEVELOPMENT]	PROPERTY, PLANT AND EQUIPMENT : UPGRADING OF ENTRANCE/EXIT GATES	ALL	1,000
RURAL DEVELOPMENT [LOCAL ECONOMIC DEVELOPMENT]	PROPERTY, PLANT AND EQUIPMENT : INSTALLATION ALARM SYSTEM	ALL	1 ,000
DTIS : Sanitation ServiceA	Savanna Falls - Sewer connection	42	1,000
Roads and Stormwater	Upgrading of Roads and Stormwater in Mamerotse	26	1,000
Roads and Stormwater	Upgrading of Roads and Stormwater in Lefaragathe	7	1,000
Roads and Stormwater	Upgrading of roads and stormwater in Maile	26	1,000
Roads and Stormwater	Upgrading of Roads: Sondela	37	1,000
DTIS : Water Service	Erection of A 3ML Steel Tank At Tierkloof	17	1,000
DTIS : Water Service	Provision of Temporary Water Supply in Rietvlei	16	700
DTIS : Electrical Eng Services	Distribution - Replacement of Electricians Tool Boxes	ALL	500

Function	Project Description	Ward Location	Budget Year 2021/22
LICENSE AND TESTING	STAFF & PUBLIC TOILETS (MARIKANA REGISTERING AUTHORITY & ROBEGA)	2,31, 32	500
ENTERPRISE DEVELOPMENT [LOCAL ECONOMIC DEVELOPMENT]	PROPERTY, PLANT AND EQUIPMENT : SHOWGROUNDS MAINTENANCE AND UPGRADE	ALL	500
RURAL DEVELOPMENT [LOCAL ECONOMIC DEVELOPMENT]	PROPERTY, PLANT AND EQUIPMENT : COMPUTERS AND LAPTOPS	ALL	500
RURAL DEVELOPMENT [LOCAL ECONOMIC DEVELOPMENT]	PROPERTY, PLANT AND EQUIPMENT : GENERATORS	ALL	500
LICENSE AND TESTING	BACK-UP GENERATOR, DLTC MARIKANA AND ROBEGA	2, 31	500
LAW ENFORCEMENT	PORTABLE OFFICE	ALL	500
RURAL DEVELOPMENT [LOCAL ECONOMIC DEVELOPMENT]	PPEQ : FURNITURE AND OFFICE EQUIPMENT	ALL	490
RRT : Rustenburg Rapid Transport	MACHINERY AND EQUIPMENT	ALL	404
RURAL DEVELOPMENT [LOCAL ECONOMIC DEVELOPMENT]	PROPERTY, PLANT AND EQUIPMENT : RENOVATIONS TIDC (TOURISM INFORMATION DEVELOPMENT CENTRE)	15	350
Mechanical Engineering Services	Tool boxes : Mechanics X7	ALL	350
EMERGENCY AND DISASTER	OFFICE FURNITURE & EQUIPMENT (FRIDGE, MICROWAVE, AIRCON)	ALL	310
ENTERPRISE DEVELOPMENT [LOCAL ECONOMIC DEVELOPMENT]	PRORERTY, PLANT & EQUIPMENT : SMME TRAINING CENTRE	ALL	300
ENTERPRISE DEVELOPMENT [LOCAL ECONOMIC DEVELOPMENT]	PRORERTY, PLANT & EQUIPMENT : REFURBISHMENT OF HAWKER STALLS	ALL	300
RURAL DEVELOPMENT [LOCAL ECONOMIC DEVELOPMENT]	PPEQ : FIRE HYDRANTS AND HOSES	ALL	300
TRAFFIC SERVICES	BAKKIE WITH CANOPY FOR WARRANTS	ALL	300
LICENSE AND TESTING	FURNITURE FOR MARIKANA REGISTERING AUTHORITY	ALL	300
LICENSE AND TESTING	SHELTER FOR CLIENT WAITING FOR SERVICE MARIKANA & ROBEGA	2, 31	300
DCD : Parks And Open Areas	Capex : P.P.E > Brushcutters – Parks	ALL	300
DCD : LIBRARY AND INFORMATION SERVICES [COMMUNITY DEVELOPMENT]	OFFICE & SPECIALIZED LIBRARY FURNITURE	ALL	270
POLICY AND RESEARCH [LOCAL ECONOMIC DEVELOPMENT]	INTANGIBLE ASSETS : DATABASE SOFTWARE	ALL	250
DTIS : Electrical Eng Services	Distribution - Replacement of Hydraulic Hand Tools In Store Room	ALL	200

Function	Project Description	Ward Location	Budget Year 2021/22
LAW ENFORCEMENT	EQUIPMENT (PORTABLE RADIO, FIREARMS)	ALL	180
LAW ENFORCEMENT	POUND REFURBISHMENT	ALL	150
Mechanical Engineering Services	Furniture	ALL	150
Mechanical Engineering Services	Tool boxes : Fitters x2 , boilermaker X 3 and Air con tech x1	ALL	150
DCD : Parks And Open Areas	05 tractor slashers	ALL	130
OMM: Regional Community Centres	CONCRETE PALLISADE FENCING MARIKANA RCC	31	124
DCD : Parks And Open Areas	Vehicle trailers	ALL	120
RRT : Rustenburg Rapid Transport	LAPTOPS	ALL	110
OEM : Executive Mayor	Communications - Equipment/Tools of Trade	ALL	100
RURAL DEVELOPMENT [LOCAL ECONOMIC DEVELOPMENT]	PPEQ : CARPORT X15	ALL	100
RURAL DEVELOPMENT [LOCAL ECONOMIC DEVELOPMENT]	PROPERTY, PLANT AND EQUIPMENT : SOLAR PANELS	ALL	100
TRAFFIC SERVICES	PORTABLE RADIO	ALL	100
TRAFFIC SERVICES	BLUE LAMPS FOR MANAGERS	ALL	100
TRAFFIC SERVICES	OFFICE FURNITURE	ALL	100
LAW ENFORCEMENT	OFFICE FURNITURE	ALL	100
TRAFFIC SERVICES	CARPORTS FOR COUNCIL VEHICLES	ALL	100
Mechanical Engineering Services	Mobile welding Machine	ALL	90
OMM: Internal Audit	Audit software: Licence fees	ALL	85
OMM: Regional Community Centres	FURNITURE FREEDOM PARK RCC	ALL	85
BTO : SUPPLY CHAIN MANAGEMENT	CAMERAS	ALL	80
BTO : SUPPLY CHAIN MANAGEMENT	RECORDERS	ALL	80

Function	Project Description	Ward Location	Budget Year 2021/22
OMM: Internal Audit	Laptops	ALL	72
DCD : Swimming Pools	Water Pumps and Motors	ALL	65
DCD : Parks And Open Areas	Blower machines for Parks	ALL	60
BTO : CHIEF FINANCIAL OFFICER	FURNITURE AND FITTINGS	ALL	52
DCD : LIBRARY AND INFORMATION SERVICES [COMMUNITY DEVELOPMENT]	AIR CONDITIONER	ALL	50
RURAL DEVELOPMENT [LOCAL ECONOMIC DEVELOPMENT]	PROPERTY, PLANT AND EQUIPMENT : HIGH MAST LIGHTS	ALL	50
RURAL DEVELOPMENT [LOCAL ECONOMIC DEVELOPMENT]	PROPERTY, PLANT AND EQUIPMENT : IRRIGATION SYSTEM	ALL	50
EMERGENCY AND DISASTER	COMPUTERS/LAPTOP	ALL	50
TRAFFIC SERVICES	AIRCONDITIONER	ALL	50
LAW ENFORCEMENT	BLUE LIGHT MANAGERS	ALL	50
DCD : Swimming Pools	Pool Sweeper	ALL	50
DCD : Waste Management	SCANNER	ALL	30
DCS : Administrative Support	Replacement of Furniture	ALL	25
DCD : CEMETERIES [COMMUNITY DEVELOPMENT]	Water pump generators	ALL	25
Mechanical Engineering Services	Mobile Compressor	ALL	25
Mechanical Engineering Services	Mobile Generator	ALL	25
Mechanical Engineering Services	Portapack	ALL	20
TRAFFIC SERVICES	PROJECTOR FOR TRAINING	ALL	15
RRT : Rustenburg Rapid Transport	EQUIPMENT	ALL	15
OMM: Regional Community Centres	Office Equipment	ALL	10
LICENSE AND TESTING	OFFICE EQUIPMENT (FRIDGE x3, DUST HOOVERS, WATER COOLERS, WATER PURIFIER, SCANNERS, AIRCON)	ALL	–

Function	Project Description	Ward Location	Budget Year 2021/22
LICENSE AND TESTING	PUBLIC PARKING FOR ROBEGA	2	–
LICENSE AND TESTING	REPLACEMENT OF WEIGH BRIDGE	ALL	–
ENTERPRISE DEVELOPMENT [LOCAL ECONOMIC DEVELOPMENT]	PROPERTY, PLANT AND EQUIPMENT : RUSTENBURG FLEA MARKET AND VIC - MAINTENANCE	ALL	–
Parent Capital expenditure			626,870

APPENDIX O: CAPITAL PROGRAMME BY WARD

Refer to Appendix N

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
FREE ELECTRICITY SUPPLY	8,708

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.

Number of Section 71 Reports submitted	Reasons for Non-Submission	Corrective Measures
12	Not Applicable	Not Applicable

APPENDIX T: NATIONAL AND PROVINCIAL OUTCOME FOR LOCAL GOVERNMENT

NATIONAL OUTCOME	ROLE OF MUNICIPALITY	KEY PERFORMANCE INDICATOR	TARGET	ACTUAL	PROGRESS REGISTERED
4. Decent employment through inclusive economic growth	a) Create an enabling environment for investment by streamlining planning application processes;	Number of catalytic projects facilitated by 30 June 2021	2	2	-
	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 2021	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
5. A skilled and	a) Link municipal	KPI to be developed	-	--	-

NATIONAL OUTCOME	ROLE OF MUNICIPALITY	KEY PERFORMANCE INDICATOR	TARGET	ACTUAL	PROGRESS REGISTERED
capable workforce to support inclusive growth	procurement to skills development initiatives				
6. An efficient, competitive and responsive economic infrastructure network	a) Maintain and expand water purification works and waste water treatment works in line with growing demand;	Number of sewer purification plants maintained	2	2	-
7. Vibrant, equitable and sustainable rural communities and food security	a) Facilitate the development of local markets for agricultural produce;	Number of Agricultural Projects Supported Through the Agricultural Support Programme by 30 June 2021	20	20	20 x Agricultural Projects Supported Through the Agricultural Support Programme
	b) Promote home production to enhance food security;	Green Economy Project	-	-	To be implemented in the 2020-2021 financial year
8. Sustainable human settlements and improved quality of household life	a) Cities must prepare to be accredited for the housing function;	KPI to be developed upon receipt of accreditation.	-	-	--
	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 2021	1 x Reviewed Spatial Development Framework (SDF)	Draft Spatial Development Framework (SDF)	The Draft SDF approved for 2020-2021.
	c) Participate in the identification of suitable land for social housing;	Number of privately own portions of land acquired for human settlement by 30 June 2021	3	3	-

NATIONAL OUTCOME	ROLE OF MUNICIPALITY	KEY PERFORMANCE INDICATOR	TARGET	ACTUAL	PROGRESS REGISTERED
	d) Ensure capital budgets are appropriately prioritised to maintain existing services and extend services.	Percentage expenditure on Capital Budget 30 June 2021	≥95%	64%	Delay in implementing mSCOA system due to system challenges. Procurement of a new system at contract term end.
9. A responsive and, accountable, effective and efficient local government system	a) Improve municipal financial and administrative capacity by implementing competency norms and standards and acting against incompetence and corruption.	Number of Section 56 managers assessed on competency requirements	8	0	CCRs to be assessed after proper consultation with national and provincial stakeholders.
10. Protection and enhancement of environmental assets and natural resources	a) Ensure effective maintenance and rehabilitation of infrastructure;	Percentage of budget spent on maintenance of infrastructure	8%	0%	-
	b) Run water and electricity saving awareness campaigns;	Number of electricity saving campaigns conducted by June 2021	5	8	-
	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	-	-	-