

**Rustenburg**  
**LOCAL MUNICIPALITY**



**ANNUAL REPORT**

**2019/2020**



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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 1 : EXECUTIVE MAYOR'S FOREWORD

### COMPONENT A: EXECUTIVE MAYOR'S FOREWORD



We present this 2019/2020 Annual Report in terms of the Municipal Finance Management Act, against the background of one of the most difficult financial years in the history of the Municipality. It also marks the end of the 5-year term which commenced in 2016.

The Coronavirus (COVID 19) pandemic that has engulfed the whole world, made it extremely difficult for us to deliver on our mandate, as we continued with our objective to improve the quality of life of our residents.

During this protracted and tedious journey, we could not follow normal methods and procedures. We had to resort to a number of unconventional mode of operation, otherwise known as the “new normal”. We had to deploy our workforce through rotational schedules and “meet” remotely through virtual zoom sessions, thus hampering and impacting negatively on our service delivery performance.

However, this did not deter us from forging ahead with our set goals and objectives. The year under review took us through many important milestones in the midst of all the aforementioned adversities.

In pursuit of the mammoth task of ensuring sustainable service delivery and municipal development, we have been able to record progress in the following areas:

#### **Water Supply Challenges**

During the year under review the municipality experienced a lot of bulk water supply challenges. This affected many residents who have had to endure periodical water supply interruptions. In essence the major reason why these bulk water supply challenges have persisted is that bulk water supply is significantly below the current demand by about 40-50megalitres. This situation has been brought to the attention of both Provincial and National government. We have also been in discussions with various stakeholders such as the mines and water boards in order to develop short to long term solutions. These includes the following:

- The full implementation of the Pilanesburg Water Scheme from Mafenyha to the Tlhabane reservoir. This project will produce an additional 50megalitres of water into Rustenburg. Rustenburg as a water authority is expected to provide clear direction in terms of off takes from the line in order to ensure that residents are prioritized in the provision of additional bulk supply.
- The upgrading of Kortbegrip Water Network in order to augment bulk water supply in the areas of Bethanie, Lekgalong, Rankelenyane, Berseba, Modikoe and surrounding areas. This project is being done in partnership with Glencore and additional funding is to be sourced from National government. Once fully implemented it will go a long way in addressing water shortages in those areas.
- The upgrading of Bospoort Water Treatment Works in order to augment bulk water by about 12megalitres. Although there has been some legal challenges related to the project we are confident that the project will proceed and yield the additional bulk water to Rustenburg in the next two years.

We have also been experiencing power supply interruptions on the Bospoort line which have negatively impacted the reliability of the 12megalitres we should receive from the line. The Municipal Manager has been tasked to resolve this matter in conjunction with the Rustenburg Water Services Trust.

Various projects have also been implemented to improve water reticulation. These include:

- The construction of Tierkloof reservoir;
- Replacement of aged AC pipelines in Tlhabane;
- Replacement of aged AC infrastructure in the CBD;
- The installation of PRV's in order to reduce incidents of pipe bursts thereby reducing water losses.

We are also pleased to indicate that projects to improve access to water supply in areas of Tlhabane West and Geelhoutpark are nearing completion. These projects involved the installation of new pipelines and pump station which will help us meet demand especially during summer months.

The water distribution losses remain unacceptably high. It needs to be noted that although this is the case these distribution losses also include water supplied to informal settlements and consumption in municipal buildings. The ongoing work to replace aged infrastructure and PRV's will go a long way in reducing these losses.

### **Electricity Supply**

With regards to electricity supply, we have been experiencing many problems during the year under review. The first area to be highlighted is in the Greater Boitekong areas which has been experiencing regular power supply interruptions. The biggest challenge in this area is issue of illegal connections. This difficulty of illegal connections has worsened over the past few years. What has further exacerbated the situation is the slow response from law enforcement to investigate and bring those

responsible to book. In order to find a lasting solution to the problem of power supply interruptions, especially in the Greater Boitekong area, there are number of steps being taken, for example, the upgrading of Voltaire sub-station so as to increase bulk electricity supply in the area. Linked to this process is the formalization of informal settlements in the area and this process is being made possible through the donation of land that we got from Anglo American Platinum as well as other portions of land that we have secure over the years.

We are working around the clock with Provincial government to finalize township establishment so that we can provide these areas with proper supply of electricity and eliminate illegal connections.

We are also aware of regular power supply interruptions in parts of the CBD. Work has commenced to replace aged electrical infrastructure so as to reduce incidents of cable faults in the network. The electrical unit is also working on the project to supply electricity through the Waterkloof sub-station in areas which may experience repeated power supply interruptions. We have been concerned about the electrical unit and in this regard a number of very disturbing incidents have occurred. Recently the Municipal Manager, Mr. Victor Makona was assaulted when he went to resolve a labour dispute at the unit. There has been a long tussle between Senior management and employees in this unit about issues such as overtime and working during weekends. For some time, we went through a period during which employees in the unit would simply refuse to work after 16H00 or even over weekends. I am pleased to indicate that through implementation of the shift system at electrical unit, the situation has somewhat improved, although a lot of work still needs to be done in terms of instilling discipline in that unit.

#### **Refuse Collection**

It is worth noting that the provision of this service has improved somewhat compared to the previous financial year during which there was an outcry about refuse not being collected for days on end. We are closely monitoring the provision of this service so that it does not degenerate to what we experienced a few years ago. One of the biggest issues in terms that require collaboration with the public at large is proliferation of illegal dumping. The Directorate: Community Development is working hard with the Law Enforcement Unit of Public Safety to try and deal with the situation. It is important to emphasize that without the cooperation of the public we are not going to succeed in dealing with the problem of illegal dumping.

#### **Rustenburg Rapid Transport - Ya Rona**

With regards to the Rustenburg Rapid Transport project (RRT) it is worth reporting that a lot of work has been done during the financial year under review. Great strides has been made in the completion of the infrastructure which is necessary for the system to operate. Some stations have been completed, a few others are at an advanced stage of construction. We also did receive the first installment of ten (10) buses and we expect that fifteen (15) more to be secured by the end of September.

The biggest issue with regards to the project at the moment has to do with the matter of compensation which is an integral part of transition towards the Bus Operating Company. Negotiation

has been ongoing for a prolonged period of time to resolve the matter of compensation which has delayed the operation of Ya Rona by months.

We have been in constant communication and consultation with National Department of Transport and the industry and we are hoping that by the end of September 2021 this matter of compensation would have been resolved, which would pave a way for Ya Rona to come into operation before the end of the year.

### **Roads**

During the year under review Roads Unit has done a lot of work on maintenance of roads. Some of the roads required to be resealed specifically along Molen Street. It is important to record that we are Public Transport Network Grant (PTNG) for maintenance of the roads this will go a long way in increasing our maintenance expenditure.

### **Local Economic Development**

Local economic development received a major boost during the year in question. In this regard it is important to highlight that the Rustenburg Mall Project was launched. This is one of the key local economic development projects initiated by the municipality. The cost of the project was in the order of about R600million. It has produced a world class retail center which has created many permanent job for our residents.

The Tlhabane Mall project also proceeded well during the year under review. In the early stages there was a lot of disruptions from the public about issues of local empowerment. We intervened and resolved those issues which ensured that the project is put back on track. The Tlhabane Mall precinct will be launched in the next few weeks.

We were also successful in completing state of the art indoor flea market and it is unfortunate that it cannot come to full operation due to the challenges of Covid-19. Work was also undertaken to pursue the implementation of some of our catalytic projects such as University. Requests for proposals were made although this was non-responsive. New efforts will be pursued to ensure that we do realize the objective of the establishment of a University in Rustenburg.

With regards to matters of Agriculture, work has been done by the directorate to promote agriculture through corroboration with various stakeholders such as the mines and traditional authorities. This work was unfortunately also affected by Covid-19 and the expectation is that we will intensify these efforts which are very important in terms of the diversification of the local economy.

### **Financial Health**

The financial health of the municipality improved to some extent through the implementation of revenue management strategy. The liquidity ratio of the municipality improved from the previous financial year. There are still however major issues that needs to be tackled, such as the ballooning debtors book, issues of improving credit control and debt collection. Service provider has been appointed to help the municipality deal with all the challenges that relate to revenue management. These issues also include increasing the number of people who are registered for indigency. Many of

the residents of Rustenburg lost their jobs since the advent of Covid pandemic have not been registered as indigent. It would therefore be important to accelerate this work.

### **Council**

It is pleasing to indicate that the Rustenburg Local Council has been very stable. We had to adjust to the new-normal of virtual meetings. Notwithstanding these challenge Council meetings has proceeded quite well, debates have been robust but generally Councilors have been committed to the functioning of the Council and have done the best to ensure that Council meetings form a quorum and execute their legislative responsibility.

### **Stakeholders**

In terms of stakeholder management, it is important to note that more work was done area. Quarterly meetings of MASECO from the various mining houses took place during which they had to account in terms of their Social Labour Plans (SLP). Through these engagement its quite clear that we still have a long way to ensure that the objectives of the revised Mining Charter are achieved in Rustenburg. There are serious issues around local empowerment and access to opportunities especially in the mining sector.

There is a sense of relief in Rustenburg because few years ago there was strong indications of massive retrenchments, especially in the Platinum sector. Our experience in the last two years is that due to the improved price of Precious Group Metals (PGM) the risk of massive retrenchments has been drastically reduced. It will be important to build on relationship that has been nurtured especially with the mining sector over the last few years to address many of the deep rooted socio economic challenges that confront the City of Rustenburg. The huge legacy of informal settlement which to a large extent can be attributed to the mining sector remains a matter of very serious concern. It will be important for all the mining houses to come on board deal with the housing backlog in the City.

Our relationship with the Provincial and National government has been cordial. It is important to really appreciate the financial injection that we receive in particular from the National government without which we may have found it difficult to address many of service delivery challenges that confront our residents.

### **Administration**

With regards to the state of our administration we can indicate that it has stabilized somewhat since the appointment of the current Municipal Manager. The only vacancy that we had for the financial year under review in terms of senior management was the position of the Director Roads and Transport. There are many areas of concern that must be addressed by senior management. These areas include:

- Poor discipline;
- Continuous abuse of municipal vehicles;
- Lack of commitment by some of the employees to serve the community to the best of their ability.

## **Audit Outcomes**

The Audit Outcomes for the year under review has regressed to a disclaimer. It is the first time during this term that we have obtained a disclaimer. There are serious issues which the audit report identifies in terms of supply chain non-compliance and general non-compliance with legislation. The other area which is clearly highlighted by the audit outcomes is in the area of record keeping. Although a system was procured to ensure that there is electronic document management, it is not fully operational. What is also concerning is the extent of the Unauthorized, Irregular and Fruitless (UIF) expenditure. We have not been able to deal with the backlog of UIF and the current Municipal Manager has been urged to prioritize this work in terms of Sec 32 of the MFMA. There will need to be an intensification of this work also through collaboration with Municipal Public Accounts Committee (MPAC).

The full implementation of the post the audit plan is also non-negotiable. Until such time that we entrench the culture of consequence management we are unlikely to improve audit outcomes.

As required in terms of the MFMA the Annual Report is to be subjected to Public Participation. We expect robust engagements from members of the public during this process.

After the conclusion of Public Participation Process, the Oversight Report on the Annual Report will be tabled before Council for consideration.

## **Investigations**

With regards to various investigations, the audit outcomes of previous financial years highlighted a number of areas where there was suggestion of criminal conduct. A number of contracts were flagged. It is pleasing to note that we are at an advanced stage through protracted legal process to set aside many of this problematic appointments. We are also collaborating fully with Law Enforcement Agencies so that criminal investigations relating to this matter are finalized.

## **Covid-19 Pandemic in Rustenburg**

The Covid pandemic has had a devastating impact in the City of Rustenburg. Many residents lost their lives and many experienced very serious illness and were hospitalized. During the year under review, we are saddened to note that we have lost some of our employees due to this pandemic. We continue to pay condolences to them and their families for their loss.

It is also pleasing to note that when the call was made to all our stakeholders especially the mining houses, that we need to work together to support communities affected by Covid, they really came to the party. In this regard it is important to mention the following mining house:

- Anglo American Platinum Mine
- Sibanye Stillwater
- Impala Platinum Mines
- Glencore and
- Tharisa

These mine have really done well providing support to communities in various ways through supply of food parcels and PPE.

We also welcome the collaboration and support we have received from government departments such as:

- Department of Education
- Department of Social Development
- Department of Health and
- Department of Home Affairs

All of these stakeholders have been committed to reducing incidents of Covid – 19 and its only through this collaboration that we can overcome this situation in Rustenburg.

The focus at the moment with regards to Covid-19 is on vaccinations. Although the indication was that a few weeks ago that we were doing well with vaccinations. These number have somewhat subsided, it is important for all the stakeholders to work together to encourage our people to get vaccinated.

In conclusion, I would like to thank all the Councilors that are part of the Rustenburg Local Council and the entire administration for work which was done to serve our residents. A lot of work was done to address concerns of residents but a lot more still need to be done as there are many challenges confronting the City and we expect the new administration after elections to provide renewed energy so as to tackle these interests and improve service delivery in our City.



CLLR MPHOKHUNOU

EXECUTIVE MAYOR

RUSTENBURG LOCAL MUNICIPALITY

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

### 1.1 STATEMENT BY THE MUNICIPAL MANAGER



The tabling of the 2019/2020 annual report for the Rustenburg Local Municipality was done on the strength of section 127(2) of the Municipal Finance Management Act (MFMA) 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 a detailed annual Financial statements.

Across the world, Covid-19 has caused unprecedented disruptions for the vast majority of people, businesses and public-sector organisations. The Rustenburg Local Municipality certainly did not escape the ravages of the pandemic. We have had to overcome significant obstacles to keep delivering on our promise of providing services to the people of Rustenburg. With the political leadership and the administration, working in unison, we have to the extent possible, managed to ensure business continuity alongside the safety of our employees and residents.

It is at the backdrop of this challenging operational environment that at the strength section 127(2) of the Municipal Finance Management Act (MFMA), we are tabling the 2019/2020 Annual Report for the Rustenburg Local Municipality. 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 services. It expresses the collective aspirations and effort of the political leadership and administration 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.

Notwithstanding the commendable progress made in some of the service delivery areas, the evident challenge of poor target achievement is noted with concern. Of great concern is the less than adequate performance on the establishment of the Rustenburg Rapid Transport project (RRT), the reduction of water and electricity losses and other targets relating to the provision of basic services. While the primary focus should be on the poor performance, it would be amiss to ignore the context in which the municipality is operating in, as the municipality is still confronted with problems such project stoppages or delays, infrastructure vandalism, cable theft and corruption. These ills have no doubt spoilt some of the gains we had made in improving our infrastructure and as well as in delivering services to our people.

Over and above, our heightened efforts to finalise the impasse on compensation for the finalisation of the RRT project, the municipality has begun a process of “Refocusing” strategic and operational alignment aimed at developing and implementing tailored corrective improvement plans to address all the impediments that derail the full achievement of the targeted deliverables. Amongst others, the Refocusing initiative, entails the development of Standard Operating Procedures which will form the basis for performance contracting with our communities through a Service Delivery Charter, instituting controls to improve financial and performance information reporting, contract and project management. Overarching the Refocusing initiative as a performance improvement model, is the strengthening of tracking of mitigating actions against identified and emerging risks, continuous identification of operational deficiencies and staff skills capacitation.

We have also commenced to strengthen our engagements with other municipalities through the South African Local Government Association (SALGA), the Development Bank of South Africa (DBSA) and to some extent the South African City’s Network which should enable us to learn best practices and craft them to suit our needs locally. I have no doubt that with continuous learning, persistence and commitment to the cause of delivering services to our people, we will achieve our vision of becoming a World-class city.

In spite of all the challenges experienced in the year under review, we were never distracted as we kept our focus on improving our financial management processes and ultimately the municipality’s financial health. Political guidance and support was given as we all committed to the implementation of our Financial Recovery Plan, which saw the municipality’s liquidity ratio improving from the level of the prior financial year. Through our 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, sessions with SALGA, MANCO and Broader MANCO sessions, we have continued to closely monitor performance against our Financial Recovery Plan and our set cost containment measures.

During the financial year we experienced some positives as per the audited financial statements 2019/20, when looking at our financial viability as we realised a surplus of R 233 660 000 (30 June 2020) as compared to a deficit of R (531 725 000) as at 30 June 2019. The municipality did not have an overdraft on the bank balance as at 30 June 2019 and 30 June 2020. We have also realised a significant increase in cash and cash equivalent from R 72 380 000 as at 30 June 2019 to R 415 339 000 (30 June 2020), an increase of 473%. This is an indication that the ship is steering towards the right direction. An improvement in the debt collection process will bring further improvement to our working capital and a further reduction in the net current liability position and creditors percentage of cash and cash equivalent.

The Auditor General South Africa (AGSA) issued a Disclaimer Audit Opinion on the Annual Financial Statements for the financial year 2019/2020, which was largely influenced by the receivables from non-exchange transactions; the receivables from exchange transactions; the employees benefit obligations; the unspent conditional grants and receipts; interest received on consumer accounts; employee related costs; general expenses; unauthorised and fruitless and wasteful expenditure; the material losses, the restatement of corresponding figures. Findings classified as other matters in the audit report were unaudited disclosure notes and unaudited supplementary schedules.

Key focus towards correcting matters as emphasized in the Auditor General South Africa's report for the Annual Report 2019/2020 is relentless commitment to investigate and determine the role played by each employee that resulted in these adverse audit findings. Upon release of an Audit report, teams were commissioned to embark of developing the Post Audit Action Plan that will earnestly work on corrective measures to ensure controls are strengthened and that there is no recurrence of same findings. At the height of the envisaged corrective measures, is my intention to institute disciplinary measures that are impactful enough to alter behaviours and instil a culture of compliance within the institution.

Mohammed Ali once said *"Impossible is a fact. It's an opinion. Impossible is not a declaration. It's dare. Impossible is potential. Impossible is temporary. Impossible is nothing."*

There is a fair acknowledgement from the side of the administration of the poor records management and the perpetual financial system challenges which remained unresolved over a long period, which inevitably negatively affected both the Municipality and its customers. In response, a remedy is being sought through acquiring a new system that will adequately interface seamlessly with the document management system to further ensure security and integrity of municipal records, optimum preservation and retrieving of financial and non-financial records.

Furthermore, the Rustenburg Water Services Trust (RWST) received an Unqualified Audit opinion for the financial year 2019/20 as the "entity" of the municipality from AGSA.

In conclusion, let me thank the people of Rustenburg Local Municipality for their steadfastness during this time of crisis. John Maxwell said, "Leadership is influence." I extend my thanks to the Speaker of Council, Executive Mayor, the Single Whip, Members of the Mayoral Committee and other political leadership, Section 79 Committees and the Municipality's Advisory Committees for their guidance and deliberative action over the past financial year. On the administrative side, I am grateful to my strong management team and the entire staff for their efforts to maintain effective service delivery and continue to serve the people of Rustenburg during the financial year 2019/20, an unprecedented year marked with unforeseeable challenges.

I thank each one of you for rising to the occasion and working together to ensure that we collectively pursue our vision of making Rustenburg a *World class city where all communities enjoy a high quality of life!*

*"Beware of false knowledge, it is more dangerous than ignorance"* – George Bernard Shaw.



MRS V MAKONA  
MUNICIPAL MANAGER

## 1.2 EXECUTIVE SUMMARY

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

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

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

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

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

The municipality can pride itself with the fact that it has a functional and knowledgeable Performance Audit Committee (PAC). The work of the PAC was enhanced by a functional Internal Audit Unit.

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

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

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

Though the Annual Report includes the Annual Performance Report, note need be taken that the overall performance of the municipality stands at 50% which is not satisfactory. Nevertheless, remedial measures were put in place to improve performance going forward.

For the financial year 2017/18 and 2018/19 respectively, the Municipality received a Qualified Audit outcome. However, the matters of emphasis for the 2018/2019 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 626 522 people, comprising of 54% males and 46% females. The significant growth in Rustenburg is largely attributed to the impact of the world's four largest mines in the immediate vicinity of the town, namely, Impala Platinum, Anglo American, Sibanye Stillwater/Gold, Bakubung Platinum, Lonmin, Royal Bafokeng Platinum, Tharisa Minerals, Glencore and Ilitha Mining. Approximately 97% of the total platinum production occurs in Rustenburg, with the mining sector providing around 50% of all formal employment.

**1.2.2 MUNICIPAL STRATEGIC AGENDA**

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

**Diagram 1: RLM Strategic Agenda**



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

**KPA1: Municipal Transformation and Institutional Development**

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

**KPA2: Municipal Financial Viability and Management**

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

**KPA3: Spatial Rationale and Municipal Planning Alignment**

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

**KPA4: Local Economic Development and Job Creation**

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

**KPA5: Basic Service Delivery**

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

**KPA6: Good Governance and Public Participation**

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

**1.3 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	90%
2	Access to electricity	90%
3	Access to sanitation (VIP/ Sewer System)	94.9%
4	Access to water (Water tanking, Communal Standpipe, House connections)	95%
5	Roads (Surfaced/ Gravel Roads)	60%

## **1.4 FINANCIAL HEALTH OVERVIEW**

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

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

## **1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW**

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### **ORGANISATIONAL DEVELOPMENT PERFORMANCE**

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

## **1.6 AUDITOR GENERAL REPORT**

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### **AUDITOR GENERAL REPORT: 2019/2020**

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

The Auditor General expressed a disclaimer audit opinion on the financial affairs of the municipality in the 2019/2020 financial year.

## **1.7 STATUTORY ANNUAL REPORT PROCESS**

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

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

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

- (a) Provide a record of the activities of the Rustenburg Local Municipality and Rustenburg Water Services Trust during the financial year 2018/2019
- (b) Provide a report on performance against the budget of the Rustenburg Local Municipality and its entity for the financial year 2018/2019; and
- (c) Promote accountability to the local community for the decisions made during the financial year ended June 2019 by the municipality and the Rustenburg Water Services Trust.

According to the MFMA, this Report should include:

- (a) The annual financial statements of the Municipality, and consolidated annual financial statements, submitted to the Auditor-General for audit in terms of section 126 (1) of the MFMA
- (b) The Auditor-General's audit report in terms of section 126 (3) of the MFMA and in accordance with s45 (b) of the MSA; on the financial statements in (a) above;
- (c) The annual performance report of the Municipality as prepared by the Rustenburg Local Municipality in terms of section 45 (b) of the Local Government: Municipal Systems Act 32 of 2000 (MSA);
- (d) An assessment of the arrears on municipal taxes and service charges;
- (e) An assessment of the Municipality's performance against the measurable performance objectives referred to in Section 17 (3) (b) of the MFMA for revenue collection from each revenue source and for each vote in the Municipality's approved budget for the financial year 2019/2020
- (f) Corrective action taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d); and
- (g) Recommendations of the Municipality's Audit Committee.

## **CHAPTER 2: GOVERNANCE**

### **INTRODUCTION TO GOVERNANCE**

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

### **COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE**

#### **INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE**

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

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

#### **2.1 POLITICAL GOVERNANCE**

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##### **INTRODUCTION TO POLITICAL GOVERNANCE**

The council of 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	41	32	9
Botho Community Movement	1	1	-
Democratic Alliance	14	8	6
Economic Freedom Fighters	24	9	15
Forum 4 Service Delivery	4	4	-
Freedom Front+	1	1	-
United Democratic Movement	1	-	1
<b>TOTAL</b>	<b>87</b>	<b>55</b>	<b>32</b>

The Council elected the Speaker, Cllr S S K Mabale-Huma in terms of section 36 of the Municipal Structures Act, 1998 (Act No. 117 of 1998), per item 221 of 19 August 2016, to chair Council meetings and is also responsible to capacitate Councillors and Ward Committees.

The municipality operates within an Executive Mayoral System under the leadership of Executive Mayor Cllr M E Khunou, who was appointed as per section 55 of Municipal Structures Act, 1998 (Act No. 117 of 1998), per item 223 of 19 August 2016. Cllr. Mokwele L P was elected as the Single Whip of the Council per item 01 on 17 January 2020.

**EXECUTIVE MAYOR; SPEAKER & SINGLE WHIP**

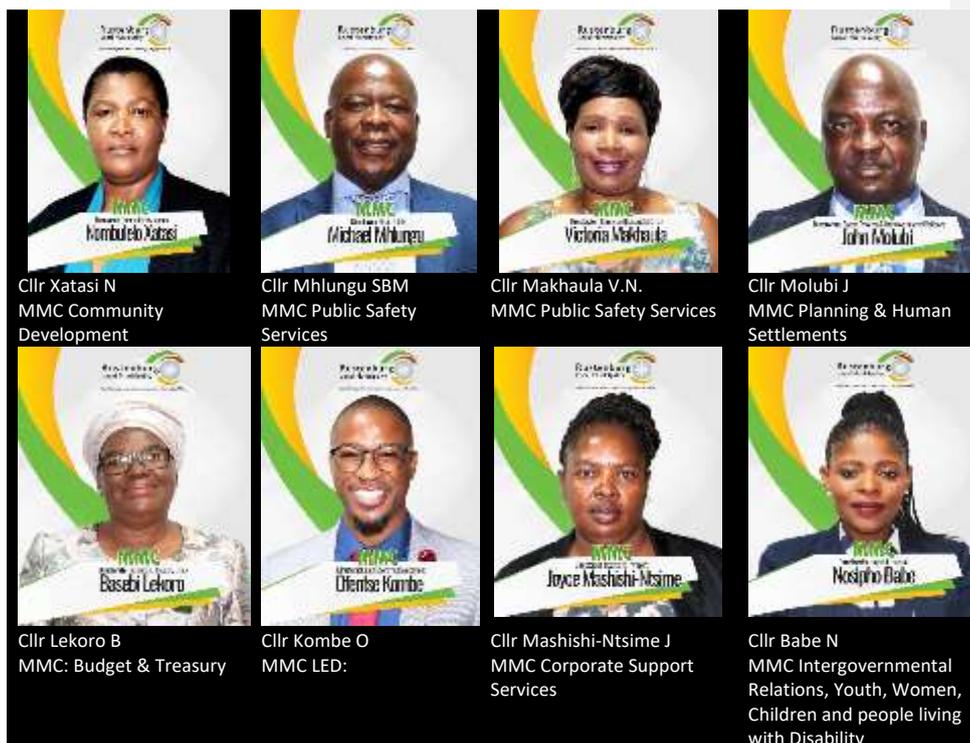


The Rustenburg Local Municipality established a Mayoral Committee and Portfolio Committees in terms of Section 80 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998) to assist the Executive Mayor in executing his functions. The Executive Mayor is the chairperson of the Mayoral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

**Table 2.2 Mayoral Committee Members**

NO.	Portfolio	Member of the Mayoral Committee
1	Special Projects	MMC 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**





**OTHER COMMITTEES**

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

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

**PERFORMANCE AUDIT COMMITTEE (PAC)**

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

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

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

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

The Performance Audit Committee does not perform any management functions or any management responsibilities, as this could prejudice the objectivity of the Committee.

## MEMBERS OF THE PERFORMANCE AUDIT COMMITTEE (PAC)

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

**Table 2.3 Members of the Performance Audit Committee**

No.	MEMBER	TERM	POSITION	STATUS
1.	W.E Huma	3 years (Appointed 02 May 2017) (Appointed Chairperson on the 29 May 2018)	Chairperson	Month to month from 22 May 2020 (Item 38) by the Municipal Council. Term ended 01 May 2020
2.	S Ngobeni	3 years (Appointed 13 August 2019)	Member	Current
3.	H Maritz	3 years (Appointed 02 May 2017)	Member	Month to month from 22 May 2020 (Item 38) by the Municipal Council. Term ended 01 May 2020
4.	Z Nkosi	3 years (Appointed 29 May 2018)	Member	Current
5.	L Moyo	3 years (Appointed 13 August 2019)	Member	Current

## Attendance

During the year under review, sixteen (16) meetings were held where the Municipal Manager and Management are invitees. External stakeholders such as the Auditor-General of South Africa (AGSA), National and Provincial Treasury were invited to meetings.

**Table 2.4 Attendance of meetings**

No.	MEMBER	ROLE	MEETINGS HELD	NUMBER OF MEETING HELD	NUMBER OF MEETINGS ATTENDED
1.	W.E Huma	Chairperson	<b>Rustenburg Local Municipality</b> 12 July 2019 16 August 2019 30 August 2019 27 September 2019 15 November 2019 06 December 2019	16	16
2.	H Maritz	Member	18 December 2019 24 February 2020	16	14
3.	S. Ngobeni	Member	13 March 2020	16	5
4.	Z Nkosi	Member	29 July 2020	16	14
5.	L Moyo	Member		16	13

No.	MEMBER	ROLE	MEETINGS HELD	NUMBER OF MEETING HELD	NUMBER OF MEETINGS ATTENDED
			<b>Rustenburg Water Services Trust</b> 27 August 2019 30 August 2019 14 November 2019 27 November 2019 03 March 2020 30 July 2020		

## 2.2 ADMINISTRATIVE GOVERNANCE STRUCTURE

The Municipal Council appointed the management team to ensure that the municipality provides services to the communities as captured in the Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP). The Municipal Manager is the link between the Municipal Council and the administration and therefore, accounts to the Council through the Executive Mayor. The day-to-day management of the affairs of the municipality is carried out by the Municipal Manager and she is assisted by a team of senior managers. The following are section 56 managers:

**Table 2.5 Senior Managers**

2018/2019	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
POSITION	NAME	NAME	NAME	NAME
Municipal Manager	Komane E	Komane E/ Makona SV	Makona SV	Makona SV
Chief Financial Officer	Ditsele GG	Mdhuli VV	Ditsele GG	Ditsele GG
Director Planning	Halenyane MMG	Halenyane MMG	Halenyane MMG	Halenyane MMG
Public Safety	Boikanyo KI	Boikanyo KI	Boikanyo KI	Boikanyo KI
Director Technical and Infrastructure Service	Masilo O J	Masilo O J	Masilo O J	Masilo O J
Community Development	Rampete N M	Rampete N M	Rampete NM	Rampete NM
Roads and Transport	Ntlhamu F	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	Manuel B	Khiba N	Khiba N	Khiba N
Manager Office of the Speaker	Hlatshwayo LN	Hlatshwayo LN	Hlatshwayo LN	Hlatshwayo LN

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

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

## **COMPONENT B: INTERGOVERNMENTAL RELATIONS**

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

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

### **2.3 INTERGOVERNMENTAL RELATIONS**

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#### **DISTRICT INTERGOVERNMENTAL STRUCTURES**

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

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 all mining companies and other stakeholders who have an interest or are 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.	MASECO	Samanchore Chrome Mine	3 September 2019
2.	MASECO	Royal bafokeng Platinum Mine	10 September 2019
3.	MASECO	Tharisa Minerals	29 August 2019
4.	MASECO	Lonmin Mine	3 October 2019
5.	MASECO	Glencore Mine	5 November 2019
6.	MASECO	Sibanye Stillwater	10 December 2019
7.	MASECO	Samanchore Chrome Mine	15 October 2019
8.	MASECO	Royal bafokeng Platinum Mine	6 December 2019
9.	Other	Sibanye Stillwater	15 July 2019
10.	Other	Anglo American Platinum Mine	5 December 2019
11.	Other	Sibanye and Royal Bafokeng	24 July 2019
12.	Other	Impala Platinum Mine	09 June 2020
13.	Other	Royal Bafokeng Platinum Mine	10 October 2019
14.	Other	Glencore Mine	12 March 2020
15.	Other	Impala and Anglo	15 May 2020
	TOTAL		15

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION



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

The Municipal Public Accounts Committee (MPAC) is established in terms of section 79 of the Municipal Structures Act, 1998 (Act No 117 of 1998). The committee was established for the effective and efficient performance of the oversight function on behalf of council. MPAC is comprised of the following councillors with the exception of the Executive Mayor, Speaker, Chief Whip, or a Member of Mayoral Committee (MMC):

- a. Cllr J L Sephai
- b. Cllr F.S. Moatshe
- c. Cllr M. Rantho
- d. Cllr A. Kwanaite
- e. Cllr A. Tsamai
- f. Cllr R.P. Molatlhegi
- g. Cllr M Omarjee
- h. Cllr K.I Monaise
- i. Cllr P. Bothomane
- j. Cllr 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 current Council.

**MUNICIPAL PUBLIC ACCOUNTS COMMITTEE**

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

**Table 2.6 Meetings of the Public Accounts Committee**

No	Details of the Meeting	Total number of meetings held
1	Scheduled	8
2	Auditor General	1
3	Public Participation	6 (clustered wards)

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

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

**REPORT ON ALL MATTERS/ITEMS REFERRED TO MPAC BY COUNCIL**

**Table 2.7 Matters Referred to MPAC By Council**

DATE	RESOLUTION	DESCRIPTION	ACTION/PROGRESS
23/08/2019	101	Tabling of the oversight report on the annual report	Done

**COUNCIL MEETINGS**

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

**WARD COMMITTEES**

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

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

## **2.4 IDP PARTICIPATION AND ALIGNMENT**

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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 2019-20 financial year, Council had 89 Councillors split equally between 45 ward Councillors and proportional representation Councillors. Councillors are allocated to various committees established in terms of Section 79 of the Municipal Structures Act. The committees exercise functions delegated to them by Council, primarily oversight and public participation.

### **POLITICAL GOVERNANCE STRUCTURE**

#### **Political Leadership – Legislative**

The political leadership of the Municipality is organized based on legislative and executive functions, i.e. the legislative function of Council is implemented by Council and its committees, led by the Council Speaker, supported by the Single Whip of Council. The Speaker of Council is the Chairperson of Council presiding over Council meetings in accordance with Council's Standing Rules. The Speaker has a responsibility for Section 79 oversight committees and for Council Affairs to develop political

governance within the Municipality among Councillors. The Single Whip is an official office bearer, who is a member of the majority party and also Single whip of the Majority Party. The single Whip ensures proportional distribution of Councillors to various Committees of Council. The Single whip maintains sound relations among the various political parties by attending to disputes among political parties. In 2017/18 the mandate of the Legislative Arm of Council focused on; accountability, oversight and scrutiny; strengthening the capability and Legislative Arm of Council; public participation to safeguard local democratic processes; and sound financial management.

#### **Political Leadership – Executive**

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

#### **New Mayoral Committee**

At the end of the 2012/2017 Mayoral Term, the August 3, 2016 elections led to a new political leadership for the 2017/2022 IDP period.

#### **COUNCIL OVERSIGHT**

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

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

#### **Chairpersons of Section 79 Portfolio Committees**

Chairpersons of Section 79 committees are listed under appendix B.

#### **Administrative Governance Structure**

##### **Municipal entity (ME)**

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

## **CLEAN ACCOUNTABLE GOVERNANCE**

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

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

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

### **Performance Audit Committee (PAC)**

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

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

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

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

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

- a careful evaluation of what the Municipality has been able to achieve in the past term of office;
- a rigorous critical reflection of key weaknesses and gaps in the municipality's past and present performance;

- a thorough analysis of trends and dynamics in the external environment shaping the ability of the Municipality to fulfill its purpose as a developmental local government; and
- a systematic participatory process of reviewing long term goals and re-setting 5-year objectives and programmes of action.

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

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

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

**PUBLIC PARTICIPATION/COMMUNITY CONSULTATION PROGRAMME ON IDP REVIEW 2019/20; MTREF BUDGET AND RELATED POLICIES**

The Rustenburg local Municipality resolved to conduct public participation differently for the 2019/2020 financial year. The IDP Representative forum constituted of Ward Committee Members, Ward Councillors and organized groups was convened to present the process and time schedule.

The ward public representatives were then 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 in the beginning of October 2018.

Re-ranked and re-prioritised community needs were received, incorporated and properly analysed as required. The budgeting process was informed by the IDP and community needs.

**Mayoral Stakeholder Engagement Committee (MASECO)**

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

**MASECO Meetings Held**

**Table 2.9 MASECO Meetings**

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

## COMPONENT D: CORPORATE GOVERNANCE

### OVERVIEW OF CORPORATE GOVERNANCE

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

### 2.5 RISK MANAGEMENT

#### INTRODUCTION TO RISK MANAGEMENT

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

During the 2019/20 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	Number of the mSCOA modules implemented.	Financial system failure resulting in operational	1.Incompatible Financial system to RLM environment.	1.Loss of data 2. Loss of revenue and damaged stakeholder	25	Daily meetings with the Service Provider	1. MSCOA Steering Committee and MSCOA Implemen

Risk No	Strategic Priority	Key Performance Indicator	Risk description at Strategic Objective level	Cause (Risk at Business unit level)	Consequence (Effect)	Inherent Risk Rating	Existing Control	Planned Mitigation
	<b>Management</b>		deficiencies.	2. Lack of change management (staff).	relationship and non-compliance.			<p>tation Committee are in place and Sitting regularly .</p> <p>2. Regular monitoring and reporting on the functioning of the financial system.</p>
<b>2</b>		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.	<p>1. Poor cash flow resulting in No/Low cash reserves and investment.</p> <p>2. Possible use of conditional grants for operational commitments.</p>	<b>25</b>	<p>1. Incentives schemes to attract payments (interest write backs).</p> <p>2. Enforce credit control policies and implementing debt collectors SLA.</p>	<p>Post COVID 19 plan developed for collection to be led by internal staff. Services of The Appointed Collectors were terminated due to non-performance.</p>

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

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
						25		<p>revenue collection is delayed. The tender was not responsive and was referred back to specification for re-advertisement. The collection rate dropped as it was also impacted by lockdown</p>
5	<b>Develop and sustain a spatial, natural and built environment.</b>	% Reduction of reported service interruptions.	1. Aged and unreliable infrastructure resulting in increased service interruption.	Material levels not maintained.	<p>1. Increased number of service interruptions and extended durations beyond the service standards.</p> <p>2. Community unrests.</p>	25	<p>1. Service delivery maintenance plan.</p> <p>2. Panel of service providers appointed.</p>	<p>1.SLA for supply of materials between DTIS and BTO.</p> <p>2. Implementation of the Maintenance Plan.</p> <p>3. Implementation of Capital Projects Infrastructure for</p>

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
								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.
7 8			Insufficient electricity supply capacity for new developments and within RLM	1. Delay in upgrading of main electrical supply substation (industrial substation) 2. Delay in upgrading of main electrical supply substation	1. Severe power outages to Rustenburg Town supplied from Industries substation. 2. Safety risk for operator who operate the equipment 3. Possible future development	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

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
				n. (Voltaire substation)	nts within the Boitekong area without bulk electricity supply.			are applicable.
10			Insufficient water supply capacity for RLM.	Delay in the completion of Bospoort WTW. (mechanical and electrical scope)	Possible future developments within RLM area without bulk water supply.	25	Engagement with Legal Department with regards to the progress on the suspended works.	1. To resolve legal issues relating to appointed contractor at Water Services Trust.
11	<b>Uphold good governance public participation principles.</b>	number of cases for or against municipality.	High number of litigations. (cases against the municipality)	1. Non-Compliance with MSA, By-laws and Policies. 2. Non-payment of services providers.	High costs of Litigation as a result of claims against the municipality.	25	Disciplinary actions for non-compliance.	1. Consequence management 2. Capacity building (ensuring that there is compliance with legislation: MFMA)
12	<b>Develop and sustain a spatial, natural and built environment.</b>	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	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 (Provincia

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
				mining rights, which limits their development potential				Government).

### 2.5.1 Emerging Risk 2019/2020

Table 2.10 Critical Emerging Risk for Financial Year 2019/2020

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	<ol style="list-style-type: none"> <li>Undetected real or potential victims</li> <li>Possible contaminated surface areas</li> <li>Non adherence to hygiene guidelines</li> <li>Interrupted water supply,</li> <li>Gatherings of more than 50 people</li> <li>Shortage of technological tools of trade (e.g. Thermometers)</li> <li>Unavailability of PPE (i.e. Masks, Sanitisers, gloves, Shields. etc.)</li> </ol>	<ol style="list-style-type: none"> <li>Uncontrollable Increase of the outbreak,</li> <li>Inability to provide essential services,</li> <li>High rate of medical cases,</li> <li>Possible fatalities</li> <li>Absenteeism</li> <li>Litigation</li> <li>Possible Job losses</li> <li>Impacted education, training and development,</li> <li>Collapsed of the revenue streams,</li> <li>Overwhelmed compensation system</li> </ol>	5	5	25	<ul style="list-style-type: none"> <li>Declaration of a national state of disaster by the State President</li> <li>National Lockdown,</li> <li>Social distancing,</li> <li>Wearing of Masks,</li> <li>Regular hand washing with soap,</li> <li>Hand sanitising</li> <li>Regular cleaning of surfaces and facilities,</li> </ul>	20

Event giving rise to the risk	Risk Description	Contributory Factors / Risk Causes	Consequences	Inherent Rating		Current controls	Residual rating
		8. Unavailability of cleaning detergents 9. Lack of maintenance of social distancing, 10. Uncontrolled disposal of contaminated PPE				<ul style="list-style-type: none"> <li>Adherence to Health Guidelines distributed by the Dept. of Health.</li> </ul>	

## 2.6 ANTI-CORRUPTION AND FRAUD

### FRAUD AND ANTI-CORRUPTION STRATEGY

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

The policy covers among others:

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

### 2.7 BY-LAWS

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

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

NAME OF THE BY-LAW	PROMULGATED/ GAZETTED AND GAZETTE NUMBER
<b>Community Development By-laws</b>	
1. By-laws relating to the prevention of nuisance	6 September 2005 GAZZETTE NR 6205
2. By-law relating to the disposal of contaminated and /infection waste	6 September 2005 GAZZETTE NR 6205
3. By-law relating to the keeping of animals and poultry	6 September 2005 GAZZETTE NR 6205

<b>NAME OF THE BY-LAW</b>	<b>PROMULGATED/ GAZETTED AND GAZETTE NUMBER</b>
4. By-law relating to children services	6 September 2005 GAZZETTE NR 6205
5. By-law relating to the preparation of food at registered private kitchens	6 September 2005 GAZZETTE NR 6205
6. By-law pertaining to public hazards and nuisance	6 September 2005 GAZZETTE NR 6205
7. By-law relating to accommodation establishment	6 September 2005 GAZZETTE 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 GAZZETTE 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 GAZZETTE NR 6205
13. By-law relating to caravan parks and mobile homes	6 September 2005 GAZZETTE NR 6205
14. Air pollution by-law	12 December 2014 GAZETTE NR 7383
15. Waste management by-law	7 June 2016 Gazette NR 7653
<b>LOCAL ECONOMIC DEVELOPMENT</b>	<b>PROMULGATED/ GAZETTED AND GAZETTE NUMBER</b>
1. Street trading by-law (in the review process)	11 August 1998 GAZZETTE NR 5291
2. Outdoor Advertising by-law	11 October 2019 Gazette NR 8016
<b>DIRECTORATE INFRASTRUCTURE AND SERVICES</b>	<b>PROMULGATED/ GAZETTED AND GAZETTE NUMBER</b>
1. Electricity by-law (adopted by Council, still awaiting to be promulgated)	4 SEPTEMBER 2006 GAZETTE NR 6313
2. Water supply and waste management	10 September 2019 GAZETTE NR 8057
<b>BUDGET AND TREASURY OFFICE</b>	<b>PROMULGATED/ GAZETTED AND GAZETTE NUMBER</b>
1. Credit control and debt collection by-law	10 April 2014 GAZZETTE NR 7265
2. Rates by-law	10 April 2014 GAZZETTE NR 7265
3. Tariff by-law	10 April 2014 GAZZETTE NR 7265
<b>Public Safety</b>	<b>PROMULGATED/ GAZETTED AND GAZETTE NUMBER</b>
1. Management and Control of Informal Settlement within the Jurisdiction of the Municipality.	4 April 2008
2. Noise Control by-law	May 2004
3. Fire Brigade Services by-law	11 June 2019 GAZZETTE NR 8016
4. Public Passenger and goods by-law	19 February 2004
5. Problem Building By-law	11 June 2019 Gazette Nr 8016
<b>PLANNING AND HUMAN SETTLEMENT</b>	<b>PROMULGATED/ GAZETTED AND GAZETTE NUMBER</b>
1. Spatial planning and land use management by-law (Reviewed)	29 January 2019
2. Spatial planning and land use management by-law (Reviewed)	20 November 2018, 7955
<b>OFFICE OF THE SPEAKER</b>	<b>PROMULGATED/ GAZETTED AND GAZETTE NUMBER</b>
1. Public participation by-law	1 October 2019 GAZZETTE NR 8062
2. Rules of order by-law (reviewed)	8 August 2017 GAZETTE NR 7788

## 2.8 WEBSITE

The Rustenburg Local Municipality website has been running on the domain [www.rustenburg.gov.za](http://www.rustenburg.gov.za). It was developed using the latest content management system in the IT environment called Wordpress. The Rustenburg Local Municipality is among the most visited sites on the google search engine which makes it easier for the users to access the website, and this also confirms that the municipality's Search Engine Optimization (SEO) is up to standard. The most visited pages on the website since it was developed are as follows:

- Home page
- Vacancies
- Tenders
- Customer care
- Notices
- Documents

**Table 2.12 Documents available on the Website**

No.	Document	Available on the Website
1	Current annual and adjustment Budgets and all budget related documents.	Yes
2	All current budget related policies	Yes
3	Previous financial year's annual report: 2018/19	Yes
4	Current annual report: 2019/2020	Awaiting Approval
5	All current Performance agreements (2019/20) required in terms of Section 57(1)(b) of the Local Government: Municipal Systems Act, 2000	Yes
6	The Top Layer SDBIP 2019/2020	Yes
7	Performance Management System Framework 2019/2020	Yes
8	Integrated Development Plan (IDP)	Yes
9	IDP, Budget and PMS Process Plan 2019/20	Yes
10	Supply Chain Management contracts and / or Service Level Agreements: 2019/20)	Yes
11	All long-term borrowing contracts	Yes
12	Quarterly reports in terms of Section 52(d) of the Local Government: Municipal Finance Management Act, 2003	Yes
13	An information statement containing a list of assets over a prescribed value that has been disposed of in terms of section 14(2) or (4) of the Local Government: Municipal Finance Management Act, 2003 during the period under review.	BTO
14	Supply chain management contracts above R200 000 for the 2019/20 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 3: SERVICE DELIVERY PERFORMANCE (PERFORMANCE PART I)

### INTRODUCTION

This chapter presents the annual performance results of the municipality during the 2019/2020 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	Backlogs (Community Survey StatsSA 2016)	Actual Performance (as at June 2018)	Actual Performance (As at 30 June 2019)	Actual Performance (As at 30 June 2020)
Water	68 795	32 557	25 545	65 355
Sanitation	78 774	75 924	85 235	84 751
Refuse Removal	120 000	116 535	156 763 (formal, informal and RBA collected areas)	106 667
Electricity Including Eskom	48 824	38 716	38068 – 941 by Eskom – 819 by RLM	36 308
Roads (Construction and Maintenance: resealing, regravelling and road markings)	100km	10km	3.4km	26km

### 3.1 WATER PROVISION

Table 3.2 Water Provision

Financial Performance - 2019/2020 financial year				
WATER				
	2018/19 Actuals R 000	2019/20 Budget R 000	2019/20 Actuals R 000	Variance
Total Operating Revenue	538,145	952,795	1,021,150	-68,355
Employee Related Costs	61,048	56,260	68,598	-12,338
Repairs and Maintenance	25,042	14,918	17,083	-2,165
Other expenditure	528,262	735,965	500,177	235,788
Total Operating Expenditure	614,352	807,143	585,858	221,285
Nett Operating Profit/ (Loss)	-76,207	146,652	435,292	-288,640

Table 3.3 Water Objectives Per IDP

WATER OBJECTIVES AS PER IDP: 2019/20 FINANCIAL YEAR						
Strategic Objectives	Key Performance Indicators	2018/19		2019/20		
		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	236 931	236 931	-	-	-

Table 3.4 Water Capital Expenditure

Water - Capital Expenditure 2019/2020				
MSCOA Vote Number	Project	Budget 2019/2020	Actuals 2019/2020	Variance
C0061-8/IA06433/F0791/X146/R0333/001/340	Phatsima Extension 3 Water Supply Scheme and Yard Connection	999,996.00	528,361.00	471,635.00
C0122-1/IA06173/F0803/X139/R3520/001/340	Water Conservation and Demand Management	0.00	36,959,272.92	-
C0139-4/IA06173/F0803/X146/R3520/001/340	Capex : P.P.E > Ac Pipes - Noord	0.00	4,831,822.46	-4,831,822.46
C0196-2/IA06393/F0002/X146/R0333/001/340	Capex : P.P.E > Meters - Bodorp/Zinniaville And	12,000,000.00	840,484.39	11,159,515.61
C0198-12/IA06433/F0791/X146/R3513/001/340	Refurbishment of bulk line and	15,004,879.00	8,574,670.55	6,430,208.45

	Tlhabane water AC replacement			
C0198-13/IA06433/F0791/X146/R3526/001/340	Capex : P.P.E > Construction_Bulk Water Pipeline - Bospoort	3,040,870.00	0.00	3,040,870.00
C0199-1/IA01952/F0803/X146/R3536/001/340	Rustenburg Noord Replacement of AC Pipes	0.00	5,583,381.02	-5,583,381.02
C0199-1/IA06433/F0803/X146/R3515/001/340	Rustenburg Noord Replacement of AC Pipes	11,536,848.00	1,490,785.35	10,046,062.65
C0199-2/IA06433/F0803/X146/R3535/001/340	Water Conservation and Demand Management	40,292,505.63	0.00	40,292,505.63
<b>Water</b>		<b>82,875,098.63</b>	<b>58,808,777.69</b>	<b>24,066,320.94</b>

### 3.2 WASTE WATER (SANITATION) PROVISION

Table 3.5 Waste Water Provision

Financial Performance – 2019/2020 financial year				
WASTE WATER				
	2018/19 Actuals	2019/20 Budget	2019/20 Actuals	Variance
	R 000	R 000	R 000	
Total Operating Revenue	156,332	439,841	233,373	206,468
Employee Related Costs	14,042	10,149	8,134	2,015
Repairs and Maintenance	296	2,180	1,059	1,121
Other expenditure	95,553	203,168	95,042	108,126
Total Operating Expenditure	109,891	215,497	104,235	111,262
Nett Operating Profit/ (Loss)	46,441	224,344	129,138	95,206

Table 3.6 Sanitation Capital Expenditure

Sanitation - Capital Expenditure 2019/2020				
MSCOA Vote Number	Project	Budget 2019/2020	Actuals 2019/2020	Variance
C0006-10/IA06282/F0002/X139/R0333/001/345	Industrial washing machine	50,000.00	0.00	50,000.00
C0041-2/IA06282/F0002/X139/R0333/001/345	Sewer pumps - Two (replacement)	80,000.00	0.00	80,000.00
C0046-1/IA01952/F0791/X139/R0333/001/345	Capex : P.P.E > Upgrading Of The Monnakato Waste Water Treatment Works	200,000.00	0.00	200,000.00
C0181-10/IA01952/F0791/X139/R0333/001/345	Capex : P.P.E > Upgrading - Western Bulk Sewer Lines	0.00	3,124,250.68	-3,124,250.68

C0181-11/IA01952/F0791/X139/R0333/001/345	Capex : P.P.E > Replacement - Ac Sewer Bulk Line	0.00	-3,124,250.68	3,124,250.68
C0181-9/IA01952/F0791/X139/R0333/001/345	Capex : P.P.E > Replacement Of Tlhabane Ac Sewer Bulk Line	17,684,780.00	11,831,551.41	5,853,228.59
C0203-13/IA01952/F0791/X139/R0333/001/345	Capex : P.P.E > Upgrading & Extension Of The Bospoort Water Treatment Plant	8,869,387.00	0.00	8,869,387.00
C0179-2/IA01952/F0803/X139/R3516/001/345A	Capex : P.P.E > Upgrade - Marikana Outfall Sewer	4,283,530.00	4,264,437.94	19,092.06
C0181-10/IA01952/F0791/X139/R0333/001/345A	Capex : P.P.E > Upgrading - Western Bulk Sewer Lines	4,841,271.46	10,680,076.54	-5,838,805.08
<b>Sanitation</b>		<b>36,008,968.46</b>	<b>26,776,065.89</b>	<b>9,232,902.57</b>

**Table 3.7 WATER SERVICES POLICY OBJECTIVES AS PER IDP**

WATER SERVICES POLICY OBJECTIVES AS PER IDP: 2018/19 FINANCIAL YEAR						
Strategic Objectives	Key Performance Indicators	2018/2019		2019/20		
		Target	Actual	Original Target	Adjusted Target	Actual Performance
Accelerated delivery and maintenance of quality basic and essential services to all Communities	Percentage of households with access to basic levels of services : Sanitation,	75.5%	75.5%	-	-	-
Improved service delivery through provision of high quality, reliable and cost effective infrastructure based on integrated spatial planning	Date of approval of Infrastructure Development Plans	-	-	-	-	-

### 3.3 ELECTRICITY PROVISION

**Table 3.8 Electricity Provision**

Financial Performance - 2019/2020 financial year				
ELECTRICITY				
	2018/19 Actuals R 000	2019/20 Budget R 000	2019/20 Actuals R 000	Variance
Total Operating Revenue	2,067,384	2,300,884	2,084,367	216,517
Employee Related Costs	42,834	50,027	49,481	546
Repairs and Maintenance	11,083	60,671	99,668	-38,997
Other expenditure	1,603,007	1,883,947	1,786,721	97,226
Total Operating Expenditure	1,656,924	1,994,654	1,935,870	58,784
Nett Operating Profit/ (Loss)	410,460	306,230	148,497	157,733

**Table 3.9 Access to Basic Levels of Electricity**

Strategic Objectives	Key Performance Indicators	2018/19		2019/2020		
		Target	Actual	Original Target	Adjusted Target	Actual Performance
Accelerated delivery and maintenance of quality basic and essential services to all communities	Percentage of households with access to basic levels of electricity	95%	95%	-	-	-

**Table 3.10 Electricity**

MSCOA Vote Number	Vote Description Project	Budget 2019/2020	Actuals 2019/2020	Variance
C0006-11/IA07020/F0002/X032/R0333/001/310	Dinie Estate - Bulk electrical line	6,590,000.00	3,108,453.12	3,481,546.88
C0006-12/IA07020/F0002/X032/R0333/001/310	Dinie Estate - House connections	10,819,000.00	4,988,874.80	5,830,125.20
C0006-21/IA07020/F0002/X032/R0333/001/310	Distribution - Refurbishment of 11 kV Substations Buildings	2,600,000.00	1,895,619.67	704,380.33
C0015-1/IA06173/F0786/X032/R0333/001/310	Greater Rustenburg Connections	2,701,002.00	2,649,390.34	51,611.66
C0018-2/IA07020/F0002/X032/R0333/001/310	Protection relays	150,000.00	0.00	150,000.00
C0018-2/IA07040/F0002/X032/R0333/001/310	Planning and Distribution - Replacement of faulty meters	100,000.00	0.00	100,000.00
C0018-2/IA07060/F0002/X032/R0333/001/310	LED Signal heads and controllers	200,000.00	0.00	200,000.00
C0018-2/IA07080/F0002/X032/R0333/001/310	Digital radio repeaters	200,000.00	0.00	200,000.00
C0018-2/IA07100/F0002/X032/R0333/001/310	HV Test machine and equipment (replacement)	1,500,000.00	0.00	1,500,000.00

C0018-2/IA07120/F0002/X032/R0333/001/310	Distribution - Replacement of Hydraulic hand tools in store room	400,000.00	0.00	400,000.00
C0018-2/IA07140/F0002/X032/R0333/001/310	Injection Tester - Primary and secondary	1,000,000.00	0.00	1,000,000.00
C0018-2/IA07160/F0002/X032/R0333/001/310	Distribution - Replacement of electrical tool boxes	250,000.00	0.00	250,000.00
C0018-2/IA07180/F0002/X032/R0333/001/310	Batteries and chargers	500,000.00	0.00	500,000.00
C0018-2/IA07240/F0002/X032/R0333/001/310	MV Link services	1,000,000.00	782,808.00	217,192.00
C0018-2/IA07300/F0002/X032/R0333/001/310	Engraving machine - Replacement	50,000.00	0.00	50,000.00
C0018-2/IA07320/F0002/X032/R0333/001/310	Protection test equipment	240,000.00	0.00	240,000.00
C0157-1/IA06173/F0002/X032/R0333/001/310	Upgrading - Electricity Network	5,000,000.00	16,000,585.07	-11,000,585.07
<b>Electrical Engineering Services</b>		<b>33,300,002.00</b>	<b>29,425,731.00</b>	<b>3,874,271.00</b>

#### 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 2019/2020)**

No	Service Provided	Performance		
		Annual Target	Actual	Variance
	<b>RLM</b>			
1	Households electricity connections (Seralleng)	550	648	+ 98
2	Households electricity connections (Dinie Estate)	527	In process	527
3	New Connections	819	819	0
	<b>Eskom</b>			
4	Eskom area - Infills	40	22	18
5	Lekgalong View x 2	1000	919	81

### 3.4 WASTE MANAGEMENT

**Table 3.12 Waste Management**

Details	2018-19 Actuals	2019-20 Budget	2019/20 Actuals	Variance
		R'000		R'000
Capital project				
MARIKANA-CONSTRUCTION OF TRANSFER STATION	R 4 802 786,89	R5 000 000	R1 055 237	R3 944 763
<b>Total Capital Expenditure</b>	<b>R 4 802 786,89</b>	<b>R5 000 000</b>	<b>R1 055 237</b>	<b>R3 944 763</b>

**Table 3.13 Waste Management Objectives**

WASTE MANAGEMENT OBJECTIVES AS PER IDP: 2017/18 FINANCIAL YEAR						
Strategic Objectives	Key Performance Indicators	2018/19		2019/2020		
		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 2020.	93 264 households	93264 Households	100% households in formal areas with access to refuse removal service	Not less than 96 800 formal household with access to refuse removal service	Not less than 96 800 formal households with access to refuse removal service
	Number of recognized informal settlements with a waste service per week by 30 June 2020	-	-	14 x recognized informal settlements with a waste service per week	N/A	14 x recognized informal settlements with a waste service per week
	Number of recycling drop off facilities established within RLM by 30 June 2020	-	-	1 additional recycling initiative		1 additional recycling initiative

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**COMMENTS ON THE PERFORMANCE OF WASTE MANAGEMENT**

**Waste Collection Services**

The waste collection is mainly performed on a month to month basis through external service providers (Katlego Baphiring Trading Enterprise, Losaba Services, Jeezy T Construction and Sethanye Trading) appointed from October 2019 and March 2020 for Katlego Baphiring to date, for the provision of wet refuse removal in areas that the municipality is not able to cover in terms of waste collection. Currently the internal employees are focused on businesses and CBD collection due to limited fleet resources. The three years’ tender awarded in April 2016 expired in March 2019 and was extended until September 2019. The Municipality has advertised the long-term tender three times and the process has unfortunately not been responsive. There are dedicated teams for street cleaning and illegal dumping services. Over 100 illegal dumping areas were cleaned during the financial year. 106 667 households currently have access to basic waste collection services.

During this financial year, the municipality through its Redream Sechaba programme sourced service of 500 EPWP employees to assist with keeping the municipality clean in all wards 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 deviation for period not exceeding six months. The site is still operated by the same service provider, however the new long term tender was advertised on the 3<sup>rd</sup> September 2020 inviting the private service providers to Bid for the Operation and Maintenance of the Waterval Landfill site for period of three years. The site has been rehabilitated with basic services and necessary infrastructure restored. Currently the site is fully fenced, electricity is partially restored, office buildings were refurbished, 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 75% compliant to license conditions and non-compliant conditions are mainly water and gas monitoring. The Rustenburg Local Municipality was awarded at the Waste Khoro, which was held in Kimberly in September 2019, by the National Department of Environment, Fisheries and Forestry (DEFF) for best practice in landfill management within the country.

The total waste tonnages received at the Waterval Landfill site since July 2019 to June 2020 is 49 324.26 tonnes of waste.

**(a) Compliance**

During the last site inspection conducted by the Department of Economic Development, Environment, Conservation and Tourism (DEDECT) on the 16 August 2019, the compliance level of the site improved from 68% to 75%. The Waterval Landfill site currently at 75 % compliance with the permit conditions. The compliance level has dropped by 2 %. 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 2020/2021 joint inspection by the Environmental Authorities is scheduled for the 29 September 2020.

(b) Small scale Recycling facility

During the financial year, the site had a small-scale recycling facility which was fully operational and handling various recyclables categories salvaged from the site. About 12 tonnes per month were diverted through this operation. The service provider was then terminated during the financial year and the new process had to be restarted. Informal recycling is taking place 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. The Municipality is currently engaging local recyclers to occupy the site on full time basis and the site is almost complete, to minimise theft and vandalism that delayed the project in the past few years.

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

- Rustenburg Local Municipality had five communal sites in regional areas of Rustenburg at Monakato, Lethabong, Marikana, Phatsima and Bethanie. All these sites are currently closed, and closure licences of the sites were received from the Authorising body (DEDECT). The Municipality is currently on the process of variation for the communal sites closures and will be completed by the December 2020.
- Two Mini dumps (Kremetart and Zinniaville) were officially closed in June 2012 and minor rehabilitation was undertaken. The third mini Dump at Bethlehem drive (Waste depot) was cleaned up but not fully rehabilitated.

**B. Closure and Rehabilitation of Townlands Landfill site**

In September 03<sup>rd</sup> 2020, the Municipality 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 lot of loopholes that resulted in the collapse of the process, that Council approved. The Municipality is engaging potential funders such as the Development Bank of Southern Africa (DBSA) and the Department of Environmental Affairs for the funding of closure and rehabilitation of Townlands Landfill site.

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**

A total of 150 Waste EPWP beneficiaries were appointed on a two-year contract, ending 31 July 2019. The contract was extended until January 2020. EPWP beneficiaries were contracted to ensure that the level of the CBD in terms of the cleanliness is improved. Additional 60 EPWP were seconded to the Waste Management Unit from the Project Management Unit to keep the taxi rank clean. A total of 500 EPWP beneficiaries were appointed through Cooperatives drive of the municipality (10 beneficiaries per ward and 50 roving team), through a programme called Redirela Sechaba.

### **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 07<sup>th</sup> June 2016. The process involved 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 38 private waste collectors were registered in the 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 accommodated 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**

### **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 instil 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 until 26<sup>th</sup> March 2020 with national lockdown resulting in libraries within Rustenburg Local Municipality closed beyond 30<sup>th</sup> June 2020. A number of Readership and Outreach Programmes were presented during 2019/2020 Financial Year to promote reading and library services to areas without access to library and information services as outlined during the 2018/19 Executive Mayor budget speech on 12 June 2018 where as per the Municipal Systems Act, section 26 (b) which states that “an assessment of the existing level of service in the municipality, which must include an identification of communities which do not have access to basic municipal services” should be undertaken.

Mobile library Services were provided in Bethanie, Rankelenyane, Syferbult and Freedom park with challenges experienced in most cases on the availability of the bus as the service was rendered in partnership with the provincial Department of Arts, Culture, Sports and Recreation although municipality utilized its own resources alternative measures to render such services. The services rendered are outlined below:

**Table 3.14 Outreach Programmes**

Programme	Key Focus Area	Library
Literacy Month Event	Essays on importance of literacy, reading competition,	Rankelenyane, Freedom Park, Syferbuilt and Bethanie
Holiday programme activities	Christmas stocking cards made by children,	Ikageng and Syferbuilt Sports grounds.  Heavy rains negatively affected outreach programmes at Rankelenyane (09/12/2020)

Programme	Key Focus Area	Library
		and Freedom Park (10/12/2019)

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

- South African National Library Week in March 2020
- International World Book day in April 2020
- International World Play day in May 2020

The implementation of National Lockdown had the provision of Library and Information Services suspended from 26<sup>th</sup> March 2020 beyond the 30<sup>th</sup> June 2020 financial year.

#### LIBRARY ACHIEVEMENTS

- The extension of Boitekong Library is ongoing at the end of the Financial year as the national lockdown had the project suspended and the contractor was only allowed as per easing of lockdown regulations to resume construction works on 19 June 2020
- 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 suspended and construction resuming on 15 September 2020 following compliance to revised Risk Strategy.

#### 3.6 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 2019/20

- 15 EIA applications received and evaluated

- 8xRezoning/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,
- Section 28 NEMA and the
- ROSHMAP.

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

2. Legislative Compliance activities of the unit guides the municipality in terms of environmental legislation to ensure that the constitutional rights of all citizens are protected. The enforcement of legal stipulations and regulatory frameworks within the municipal area is of utmost importance for the municipality. The Environmental tools used for legislative compliance are:

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

Vehicle Emission Monitoring was conducted for the year 2019/20 and the admission of guilt fines were issued according to section 15 of the abovementioned By-law.

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

24 x Abatement notices were issued  
39 vehicles were tested (Vehicle Emission Control)  
1 admission of guilty fine was issued

- b. Rustenburg Municipality Waste Management By-law Notice 105 of 2016

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

72x warning/Abatement notices issued.

### 3.9.6 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.

11x Quarterly Internal Environmental Compliance Audits were conducted at municipal wastewater treatment works, Municipal stores, and Electrical department to ensure compliance with the conditions of the environmental authorizations issued.

### 3.9.7 NEMA section 30 Control of Emergency Incidents.

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

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

### 3.9.8 National Environmental Management Air Quality Act 39 of 2004

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

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

### 3.9.9 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 2019/20 Environmental Education and Awareness programmes were conducted in an integrated approach which considered Environmental, Waste, Water and Sanitation Education and Awareness.

It is against this approach that a total of 64 Education and Awareness Programmes were conducted for the financial year 2019/20 wherein the annual target was 24.

## COMPONENT E: 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 high entrance fees which will then be rectified.

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

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

- Theft and vandalism
- Lack of physical security
- Lack of capital budget to replace outdated/dilapidated equipment and facilities
- Insufficient operational budget to execute planned annual maintenance and repairs on buildings and facilities
- No budget for grading of rudimentary sports grounds
- Unavailability of automated system for monitoring patron entry at municipal pools
- The following facilities have also been severely vandalized: Rankelenyane sports ground, Mathopestad sports ground, Paardekraal X1 sports ground and Robega sports ground, Tennis, hockey and ringball club houses, Tlhabane sports ground ablution facility.

#### 3.7.1 Number of paid bookings for the period July 2019 to June 2020

Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
01	01	02	06	02	03	04	01	04	00	00	00	24

#### 3.7.2 Free Use Bookings for the period July 2019 to June 2020

Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
01	03	05	03	00	01	02	00	01	00	00	00	16

**Total income loss as a result of free use = R81,902.00**

#### 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 2	
Swimming Pool Superintendent	M x 1	
Team Leader (Pools)	M x 1	
Swimming Pool Instructors	M x 7	
Generalist Workers (Sports)	M x 6	F x 14
Generalist Workers (Sports) Temporary	M x 1	
Generalist Workers (Pools)	M x 7	F x 6
Machine Operators (Sports)	M x 6	F x 1
Machine Operators (Pools)	M x 3	
Tractor Drivers	M x 1	
	<b>Total</b>	<b>61</b>

### 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 a grader to attend to rudimentary grounds
10. Lack of proper transport for working teams (grass cutting)
11. Long turnaround time for issuing of purchase orders
12. Unavailability of PPE and other materials at Municipal Stores

### 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 3.8.1 Areas where halls are located**

No.	Location / Area	Ward
1	Tlhabane	9
2	Monakato	25
3	Phatsima;	1
4	Marikana;	31
5	SunrisePark;	22
6	B Tause (Lethabong);	27
7	Rustenburg Old town hall;	42
8	Meriting;	12
9	Ben Marais;	18
10	Zinniaville;	43
11	WA van Zyl;	16
12	Makolokwe (handed over by District Municipality)	29
13	Paardekraal Extension 23;	40
14	Banquet Hall;	15
15	City Hall;	15
16	Atrium;	15
17	Boitekong;	21
18	Auditorium.	15
19	Robega (handed over by District Municipality)	2 Not yet in the Municipality asset register
20	Molote City (handed over by District Municipality)	36 Not yet in the Municipality asset register
21	Mamerotse (handed over by District Municipality)	28 Not yet in the Municipality asset register

**3.8.3 Paid up bookings record for the period 1 July 2019 to June 30 2020**

Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
27	27	40	54	37	16	16	30	14	-	-	-	261

**3.8.4 Free use bookings**

Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
54	26	65	84	64	37	29	54	28	-	-	-	441
141	118	174	212	187	105	575	110	7351	-	-	-	Total loss (R)
530	945	456	936	385	510	65	625	1				<b>1 182 463</b>

Utilization of the facilities (halls and civic center) for the 2019/2020 year has decreased with an average of 30 paid bookings per month.

**3.8.5 CHALLENGES**

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

- The inability to effectively market and maintain the available facilities to required standards, so that they can be utilized optimally.
- Frequent free use of facilities.
- Below market related tariffs.
- Low bookings for the period mentioned due to the Lockdown so for the period April to June the bookings were cancelled.

### 3.8.6 Staff

Position	Gender	Number
Section Manager	M	1
Admin Assistant	F	2
Sound & Light Technician	M	1
Caretaker	M	7
Caretaker	F	2
Generalist Worker	M	9
Generalist Worker	F	30
	<b>Total</b>	<b>52</b>

### 3.9 PARKS AND CEMETERIES

#### 3.9.1 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 sixteen (15) municipal cemeteries under its management. Most are active while some are inactive. The below table indicates list of Municipal cemeteries:

##### CURRENT STATUS OF MUNICIPAL CEMETERIES

NO.	WARD	CEMETERY NAME	START YEAR OF OPERATION	SIZE	STATUS AND BURIAL SPACE LEFT	COMMENTS
01	01	Phatsima	1985	06Ha	02 Ha.Needs new fencing and Upgrading of ablution facilities	Full fencing of about required for 20/21 FY. About R 800 000 required for this.
02	07	Tlhabane - Motsatsi	1964	05Ha	Closed. Reached capacity	Full wall fencing is required. Only reopenings and unveilings allowed
03	10	Tlhabane-Moraka	Early 1940's	01Ha	Closed. Reached capacity	Full wall fencing is required
04	14	Donkerhoek	1965	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 20/21 and ablution facilities, water and electrical connections of about R1m required for 21/22 financial years.

NO.	WARD	CEMETERY NAME	START YEAR OF OPERATION	SIZE	STATUS AND BURIAL SPACE LEFT	COMMENTS
05	16	Rietvlei - Developed area	2011	30Ha	Active.	Cemetery is active. Two ablution blocks need to be repaired.
		Undeveloped area	Not yet developed	20Ha	20Ha	EIA done during initial development. To be developed from 20/21 using PMU grant. R10m is required to develop the site.
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 as alternative burial area.
08	22	Sunrise	1998	03Ha	None. Reached its capacity	New cemetery to be developed for greater Boitekong area including Sunrisepark. Needs full fencing. Awaiting identification of land for cemetery development by DPHS. Rietvlei cemetery is as 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 underground 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	Zinniville Karlienpark	August 1976	02Ha	Active	Christian burial site is left with ±50 graves.

NO.	WARD	CEMETERY NAME	START YEAR OF OPERATION	SIZE	STATUS AND BURIAL SPACE LEFT	COMMENTS
						Rietvlei cemetery will be used as alternative burial site. Negotiations with Muslim committee to utilize Pioneer cemetery is ongoing

**BUDGET REQUIREMENTS FOR MUNICIPAL CEMETERIES**

Cemetery name	Size	Required budget	Work to be done
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
Fencing of Tlhabane-Motsatsi cemetery	5 hectares	R2 500 000	Perimeter Wall fencing
Fencing of Tlhabane - Moraka cemetery	1 hectares	R800 000	Perimeter Wall fencing
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.
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	Treated wooden poles and razor mesh wire
Fencing of Sunrise cemetery	3 hectares	R200 000	Treated wooden poles and razor mesh wire
<b>TOTAL</b>		<b>R 10 700 000</b>	

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	Library garden	Well developed
15	Civic centre	Well developed
14	Fire department	Well developed
08	Traffic department	Well developed. Needs repair of irrigation system
15	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

### 3.9.2. PARKS AND OPEN SPACES

#### Staffing: Parks and Open Spaces

Position	Gender	Number
Section Manager	M	01
Admin Assistant	M	01
Regional Supervisors	M	03
Assistant horticulturists	M	01
Horticulturist	M	01
Senior horticulturist	M	01
Generalist Worker	F	23
Generalist workers	M	37
Field ranger	M	01
Tractor drivers	M	07
	<b>Total</b>	<b>109</b>

### Staffing: Cemeteries

Position	Gender	Number
Section Manager	M	1
Admin Assistant	F	01
Aid clerk	M	01
Caretaker	M	01
Team leader	M	01
Generalist Worker	M	20
Generalist Worker	F	03
TLB Operators	M	02
	<b>Total</b>	<b>29</b>

### KEY FUNCTIONS CARRIED BY THE SECTION 2019/2020: PARKS AND CEMETERIES

- Grass cutting on municipal premises and open spaces including cemeteries
- Tree pruning and branches collection
- Garden maintenance
- Digging and shaping of graves
- Allocation and monitoring of funerals
- Partnership with Redirela Sechaba and EPWP Programmes

### CHALLENGES FACED BY PARKS AND CEMETERIES SECTION

- Availability of suitable land. 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.

### 3.9.2 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 70 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 R3.2 million for 2019/2020 financial year, which has been increased to R4.9 million for 2020/2021 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 23<sup>rd</sup> of March 2020, President Cyril Ramaphosa announced a national lockdown which started on the 26<sup>th</sup> of March 2020. This lockdown meant that all facilities were going to close and only essential services were allowed. Civil & Facilities Management Unit working together with Disaster Management Unit were responsible of making sure that all municipal buildings are sanitized and or fumigated in trying to fight the invisible enemy this was in order for the municipality to be ready for operating as soon as the President relaxes the restriction.

Covid-19 pandemic has affected the Unit very bad, most planned 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.

The most challenging matter that the Unit was faced with during level 5 to level 3 of national lockdown, were enormous day-to-day maintenance caused by burglaries on most of the municipal facilities as thieves were taking advantage of the lockdown.

## **ACHIEVEMENTS**

The Unit is understaffed, however with the number of dedicated team the following were achieved:

- There are numbers of Halls that Civil & Facilities Management Unit assisted in refurbishing them successful (Meriting Hall – Ward 31 and B Tause Hall – Ward 27/28) in the financial year 2019/2020.
- The unit managed for fix bathrooms at Rietvlei, Phatsima and Monakato Cemeteries that were vandalized.
- The Unit also assisted in successfully renovating Ikageng Regional Community Centre (RCC) last financial year.

- The technical team of Civil & Facilities Management Unit also assisted in monitoring, inspecting, and providing quality assessments of project under Libraries Unit which successfully completed. Those facilities are Phokeng Library and Marikana Library.
- On the Day-to-Day Maintenance, the Unit was able to respond on average between 73% to 89% of all reported complaints. The target is to get 100% of all maintenance complaints to be addressed.

## **COMPONENT F: PLANNING AND DEVELOPMENT**

### **3.10 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**

##### **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.

##### **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.

### **3.11 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.

#### **3.11.1 Legislative Framework**

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

##### **3.11.2 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.

## 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.

### 3.11.4 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.

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

- Broad Based Black Economic Empowerment Act (Act No. 53 of 2003);
- Development Facilitation Act (Act No. 67 of 1995);
- Extension of Security of Tenure Act (Act No. 62 of 1997)
- Land Use Management Bill;
- 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;
- Municipal Supply Chain Management Policy Regulations (Act No. No. 27636);
- Property Rates Act (Act No. 6 of 2004);
- The Constitution of the Republic of South Africa (Act. No. 108 of 1996);
- Spatial Planning and Land Use Management Act (Act16 of 2013
- Disposal Projects/Programmes
- 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.

Commented [PL1]:

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.

### **3.11.5 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.

#### **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.

#### **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:**

- Waterkloof East Extension 43: Portion 363 of the farm Waterkloof 305 JQ:
- Waterval East x 40

### 3.11.6 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.

### 3.11.7 BUILDING CONTROL AND REGULATIONS

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

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

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

#### Core functions

Provide client orientation (establish innovative operational methods).

Consideration and approval of site development plans for erection of buildings. Evaluation of building plans to ensure compliance with the policy.

Conducting site inspections to regularly monitor processes and compliance (Building & drainage inspections).

Law Enforcement serving contravention notices and fines. (ensure public awareness).

Evaluate and approve demolition applications.

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

**Table 3.15 Building Plans**

1 <sup>st</sup> Quarter 2019	161 plans received
2 <sup>nd</sup> Quarter 2019	215 plans received
3 <sup>rd</sup> Quarter 2020	139 plans received
4 <sup>th</sup> 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

**3.11.8 DEVELOPMENT PLANNING**

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

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

Consideration and approval of all land development applications

Consideration and approval of all land Site Development Plans

Evaluation of building plans to ensure compliance with the policy.

Conducting site inspections to regularly monitor processes and compliance.

Serving contravention notices and fines regarding illegal land uses.

Assist in the eviction of squatters.

Compiling and amendment of policies and By – Laws.

**PRECINCT PLANNING**

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

- Tlhabane
- Monnakato
- Phatsima

- Marikana
- Lethabong
- Boitekong

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

#### SERVICE STATISTICS: TOWN PLANNING

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

**Table 3.17 Land Use Amendment Applications**

No	Details	Formalization of Townships		Rezoning	
		2018/19	2019/20	2018/19	2019/20
1	Planning applications received	0	3	105	106
2	Applications withdrawn / Not approved	0	0	0	0
3	Applications outstanding at the end of the year	0	2	5	42

#### 3.11.9 HUMAN SETTLEMENT

##### Housing Provision

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

##### Progress of the existing Housing Development Projects

**Table 3.18 Housing Development Projects**

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

Seraleng	Relocation	557	Foundation	557
			Wall Plate	557
			Completion	557
Bokamoso	Greenfield	1600	Foundation	620
			Wall Plate	410
			Completion	0

## COMPONENT G: ROAD TRANSPORT

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

### 3.12 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 Stormwater Objectives**

ROADS AND STORMWATER OBJECTIVES AS PER IDP: 2019/20 FINANCIAL YEAR						
Strategic Objectives	Key Performance Indicators	2018/20		2019/20		
		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	10%	10%	10%	-	10%
The municipality developed the Roads and stormwater 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 2019/20 upgraded and maintained about 103km of roads through paving, road marking re-gravelling of rural roads including installation of speed humps and road signs. The directorate has 171 full time employees and continues to strive to ensure service delivery is improved in terms of service delivery for roads and stormwater.

### 3.13 PUBLIC TRANSPORT SYSTEM

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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 2019/20 Financial Year

**Table 3.20 Roads and Transport Capital Expenditure**

Capital expenditure 2019/20 Financial Year			
ROADS TRANSPORT			
Details	2019/20 Budget	2019/20 Actuals	Variance
	R'000	R'000	R'000
<b>Capital project</b>			
Infrastructure Municipal Infrastructure Grant Funded Roads			
Rustenburg Rapid transport – Public Transport Network Grant (PTNG)	R316m	R200m	<b>R116m</b>

**Table 3.21 Roads and Transport Objectives**

RUSTENBURG ROADS AND TRANSPORT OBJECTIVES AS PER IDP: 2019/20 FINANCIAL YEAR						
Strategic Objectives	Key Performance Indicators	2018/2019		2019/2020		
		Target	Actual	Original Target	Adjusted Target	Actual Performance
Improved public transport infrastructure	Improve Public Transport	96%	86%	100%	80%	76%
	Improve roads & stormwater service delivery	100km	140km	140km	100km	103km

**Table 3.22 PTNG Funds**

FINANCIAL ACCOUNTING FOR PTNG FUNDS RECEIVED AND EXPENDED			
NO.1	Details	2018/2019	2019/20
		R'000	R'000
1	PTNG FUNDS - APPROVED ROLLOVER	0	R98 000
R2	PTNG FUNDS - APPROVED ALLOCATION	R298 629	R218 000
3	ADDITIONAL FUNDS	R98 000	-
<b>4</b>	<b>TOTAL FUNDS RECEIVED</b>	<b>R396 629</b>	<b>R316 000</b>
5	TOTAL PTNG FUNDS SPENT TO DATE	R214 629	R200 000
<b>6</b>	<b>PERCENTAGE FUNDS SPENT</b>	<b>54%</b>	<b>63%</b>

## **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.

The effect of the lockdown had an impact on construction in 4<sup>th</sup> quarter however the municipality revised and fast-tracked the infrastructure roll-out during the latter part of 4<sup>th</sup> quarter. The municipality further increased internal capacity and more vacancies are expected to be filled. Over 38 local SMMEs have been part of the construction implementation and over 171 jobs were created through infrastructure implementation on the project in last financial year.

### **3.14 LICENSING AND TESTING SERVICES**

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

##### **Background**

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

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

Register and license motor vehicle as sanctioned by National Road Traffic Act '93 of '96, National Road Regulations 2000, eNatis Security Policy, Registration manual.

- Renewal of Motor vehicles license – reg.
- Scraping and issuing of Vehicle clearance
- Update details of motor vehicle
- Introduce build-up vehicles and trailers
- Introducing Natural persons, register bodies and companies
- Issuing of Traffic Register certificate to Foreign nationals
- Issuing of Temporary /Special permits to vehicles and Car dealership
- Driving License Testing Centre (DLTC) and Vehicles Testing Stations (VTS) renders basic services; not limited to the following,
  - Examination of Vehicles' for Roadworthiness and certificate of fitness (both Light & Heavy motor vehicles)
  - Renewal of Professional Driving Permits (for Dangerous Goods & Passengers) and Card Type Driving Licenses
  - Test of Applicants for Learners and Driving Licenses (Categories; codes A, A1, B, EB, C1, C, EC1 & EC

### Successes

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

### 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.
- Learners License Class at Marikana Testing Station is not yet operational due to delay in releasing infrastructure numbers and assessment of Examiner and Management Representative by the Provincial Department.
- The replacement of Weigh bridge is currently suspended because of financial constraints for this financial year.
- Appointment of Two (2) Supervisors for Marikana Station, 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

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	
		2018/2019	2019/20	2018/2019	2019/2020
1	Number of vehicle licenses issued	107 506	99096	R 77 210 893.50	R 62 371 256.50
2	Number of vehicles tested	252	465	R 112 278.00	R 97 650.00
3.	No of License Penalties	24 368	13803	R 6 486 702.74	R 4 261717.84
4.	Number of vehicles registered	32081	29857	R 6 024 860.00	R 3 625 176.00
5.	Number of registration penalties	1154	164	R 75 804.00	R 31 200.00
6.	Number of Driving License Renewals	25845	19565	R 5 737 590.00	R 4 276 386.00

No	Details	Actual Performance		Revenue Generated	
		2018/2019	2019/20	2018/2019	2019/2020
7.	Number of Driving License tests	5130	3438	R 1 260 900.00	R 843 786.00
8.	Number of learners tested	4966	2958	R 625 716.00	R 372 708.00
9.	Number of PrDPs issued	6507	5180	R 2 811 024.00	R 653 258.00
10.	Number of Permits issued	916	681	R 838 464.00	R 639 072.00
11.	Number of MV License Arrears	18 247	13803	R 4 064 944.24	R 4 261 717.84
12.	Number of duplicate deregistration cert	1850	1465	R 407 814.00	R 3 983 418.00
13.	Number of vehicles scrapped	457	1351	R32 951.75	R 22 036.25
14.	No of Traffic Register (form used by Foreigners to buy vehicles)	275	281	R0.00	R 0.00
15.	Number of learner's license test issued	2130	2075	R 290 052.00	R 261 450.00
16.	Duplicate of Learners License	200	140	R 27 846	R 17 010.00
17.	Temporary Driving License	15981	12690	R 1 514 436.00	R 897 624.00
18.	Application for Roadworthy	786	591	R 114 378	R 127 362.00
19.	Vehicles brought for Weighbridge	0	0	R 0.00	R 0.00
20.	Confirmation of Driving License	57	23	R 2 079.00	R 1 449.00
21.	Transaction Fees –RTMC	95890	85289	R 6 646 074.00	R 5 900 448.00
22.	Other License Fees				
<b>TOTAL REVENUE</b>				<b>R111 754 907.23</b>	<b>R 92 644 725.43</b>

**Table 3.24 Financial Performance: Expenditure 19/20**

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

Full Year Budget 19/20	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 H: SAFETY AND SECURITY**

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

**3.15. 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.

No	Details	2018/2019	2019/2020	
		Actual	Target	Actual
1	Number of illegal connections for the year	34	0	43
2	Number of water illegal connections for the year	34	0	58
3	Number of by-law infringements notices for the year	8623	12000	934
4	Number of illegal dumping fines issued during the year	46	60	33

5	Number of law enforcement officers on duty on an average day	28	28	28
6	Number of general complaints attended	388	0	472
7.	Number of protests and events attended	38	0	54
8.	Number of awareness campaigns conducted	40	40	47

### 3.15.1 Law enforcement statistical data

**Table 3.26 Financial Performance: Expenditure**

#### 2018/2019

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

#### 2019/2020

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

### 3.15.2 Traffic Services statistical data

No	Details	2018/2019	2019/2020	
		Actual	Target	Actual
1	Number of traffic accidents for the year (minor)	556	0	392
2	Number of fatalities for the year	3	0	11
3	Number of vehicles stopped for the year	20333	20333	3047300
4	Number of traffic fines issued during the year	16 118	18 000	19 999
5	Number of traffic officers on duty on an average day	20	20	18
6	Number of escorts attended to	38	38	42
7.	Number of warrants operations	465	465	470
8.	Number of road safety awareness campaigns	47	47	50

### 3.15.3 Municipal Court statistical data

No	Details	2018/2019	2019/2020	
		Actual	Target	Actual
1	Number of Court rolls	213	233	187
2	Number of Cases on the roll	14 476	15 000	14 579
3	Number of Cases withdrawn	3713	0	4 506
4	Number of Cases struck off the roll	3 934	0	3 806
5	Number of Warrants of arrest authorized	10 542	12 000	6 267
6	Number of Drunk and driving cases recorded	447	0	179
7.	Number of Reckless and negligence driving cases	643	0	125
8.	Number of admissions of guilty cases	593	0	8

### Financial Performance 2019/2020 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 19/20	Year to Date Actual	Variance
81 914 719.57	58 212 302.20	23 702 417.37

### 3.16 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

Performed the following activities during the Community Fire Safety Awareness Campaigns that were undertaken during the period under review (2019/2020):

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

### 3.17 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 (2019/2020):

- 189 x Risk assessments and Rapid incidents assessment
- 10 x Education and Awareness Campaigns

- 2 x Exhibitions
- 1 x Workshops
- 28 x Attending to Advisory Forums and Ad- Hoc Committee meetings

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

**Service Delivery Key Performance Areas**

**Table 3.31 Financial Performance**

No	Key Performance Area	Details	Progress Made
1.	Integrated Institutional Capacity for Disaster Risk Management	Arrangements required for stakeholder participation and engagement of technical advice in disaster management planning and operations were adhered to.	Adhoc section 7(2) (e) of Disaster Management Framework of 2005) Response Task Team and Risk Assessment Technical Advisory Team were established (Sub Advisory Team, Mine, Education, Faith Organizations, SASSA and Department of Health were established.
		The following Disaster Risk Management Plans were sent to public participation for review in 2015/2016 financial year: Disaster Management Plan, Emergency Plan and Relief Policy	The Disaster Risk Management Plans were approved by Council.
2	Disaster Risk Assessment and Enabler 1	Community and schools risk assessment were conducted to the schools and communities that were deemed to be at high risk. Dept of Education, Dept of Health, Dept of Public Works, Eskom, Fire Safety, Social Development and OEM – Special Projects were part of the Risk Assessment Technical Advisory Team.	Community Based Risk Assessment was conducted at Ikageng Village and identified Rustenburg Special Schools Risk Assessment.
3.	Disaster risk Reduction, Enabler 1 and 2	Disaster risk reduction measures were implemented during the period under review. Public education and awareness sessions were conducted	Four (4) Awareness Campaigns were conducted.

No	Key Performance Area	Details	Progress Made
		<p>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>	
4.	Response and Recover & Enabler 1	Local communities who experienced emergencies like floods and shack fires were also assisted during the period under review through the provision of emergency accommodation, food parcels and blankets, while waiting for their damaged homes to be repaired	Communities who were affected by the Disasters eg Fire, storms and floods were assisted and referred to the relevant stakeholders for further assistance. Eg Home Affairs, SASSA and Traffic and Licensing.
5.	Safety at Sports and Recreational Events	Disaster Management Services monitor and measure performance and evaluate disaster management plans for prevention, mitigation and response activities at the events according to Section 47 (1) & (2) and 48 of Disaster Management Act (Act 57 of 2002).	The following types of events are catered for sports, music, festivals, political rallies etc

**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

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

OPERATION	ACHIEVEMENTS
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> <p>Of lately, IGR has invited all the relevant stakeholders to the community outreach at Dinnie Estate on the 18 August 2017</p>

## COMPONENT I: LOCAL ECONOMIC DEVELOPMENT

### 3.18 LOCAL ECONOMIC DEVELOPMENT

#### INTRODUCTION TO ECONOMIC DEVELOPMENT

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

#### Catalytic Projects Programme

The facilitation and therefore implementation of the catalytic projects has been negatively impacted by the COVID 19 Pandemic as the Municipality could not undertake an aggressive approach necessary to attract investment in to Rustenburg.

Notwithstanding the impact on the around the investment activities, the Catalytic Projects Fast-Tracking Committee has been tracking approved projects for implementation. While most activities could not be undertaken during the third quarter on the financial year, a project pipeline of possible high impactful project has been identified and include the following projects which are at various stages of facilitation:

PROJECT	STATUS
Rustenburg Mall	Construction Phase
Belleview Lifestyle Centre	Sale and Development Agreement Stage
Fresh Produce Market	Proposal Stage
Waterval Industrial Development	Town Planning Application Stage
University Precinct	Investment Promotion / Facilitation Stage
Convention Centre & Hotel	Investment Promotion / Facilitation Stage
Safari Investment Mixed-Use	Town Planning Application Appeal Stage
Various Approved Mixed-Use Precincts Development	Town Planning Application Appeal Stage

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 policy and research; enterprise development 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 646 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 509 were employed through the Rustenburg Mall construction; the Impala infrastructure project created 148 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 63 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.

Local enterprises have also been offered other business support services which includes compliance registration, business advisory, capacity building and networking platforms. A total of 2 004 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; SEDA; CIDB; Department of Labour; ABSA Bank; Buhle Academy; READ; North West Development Corporation; AIDC and Eskom amongst others. 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 entered into an agreement with SEDA for the support of local enterprises across all sectors. SEDA support is limited to non-financial support programmes only.

#### **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 flagship to support local farmers in developing the agricultural sector:

- Sunflower flagship
- Farmer Production Support Unit (FPSU)
- Marikana Agri-Hub (Hydroponics Hub focusing on high-end crops)
- Amaranthus Research and Development
- Livestock including small animals support (Dorper Sheep)
- Farmer Support
  - 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 Phenyso 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)

#### **COVID 19 AGRICULTURE SUPPORT**

- Facilitation of Agriculture Grant applications
- Updates on Agriculture regulations

#### **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 12Standard 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
- Segailele 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. During the reporting period, the committee also included responsibilities for issuing business licenses to formal, informal businesses and the management of Outdoor Advertising. However, these activities could not be undertaken given the lockdown regulations during the third and fourth quarter of the financial year.

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 programme in 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 Sector Stakeholders to support Green Economy projects in Rustenburg. The programme is implemented in collaboration with the following:

Directorate: Community Development to ensure that entrepreneurs access Municipal and other industry/corporates waste products.

Directorates: Planning and Human Settlements, Technical and Infrastructure Services,

The Directorates have assembled a technical team for the Green Economy Development to receive, analyse the size/scope/feasibility of proposals and prioritise project proposals for required interventions to enable implementation of identified projects.

#### **Rustenburg Local Municipality Investment Incentives Policy:**

The policy is aimed at attracting potential investors for high-impact, catalytic projects into the Municipality, through the use of financial and non-financial rebates. The policy was approved as part of the Budget and Treasure Office (BTO) after public participation/comments processes were finalised.

#### **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 undertaken before the COVID-19 lockdown was the auditing of the existing billboards to check compliance by existing outdoor advertisements.

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.

#### **Draft Informal Traders Bylaw:**

The existing Bylaw (11 August 1998 GAZETTE NR 5291) is being reviewed to accommodate changes in the sector and to better monitor and regulate the sector. The draft Bylaw is at final public participation/comments stage.

### **LED STRATEGY IMPLEMENTATION**

**Table 3.34 Priority Sectors**

SECTOR	PROJECT
Manufacturing and industrial development	<ul style="list-style-type: none"><li>Rustenburg Local Municipality envisages establishment of the Logistics Hub that will include other industrial activities like the manufacturing and green economy park at the proposed Waterval Industrial Hub currently at development planning stage.</li></ul>
Tourism	<ul style="list-style-type: none"><li>RUSTENBURG GATEWAY PRECINCT (Convention Centre &amp; Hotel, Rustenburg Flea Market and Revitalization of the Showgrounds)</li><li>The Masterplan has also identified the Platinum Theme Park</li></ul>
Education	<ul style="list-style-type: none"><li>Educational Hub (University Precinct has been identified as a flagship to develop Rustenburg as an Education Hub)</li></ul>
Agriculture	<ul style="list-style-type: none"><li>The development of the Rustenburg Fresh Produce Market</li><li>Agricultural Development Support Programme aimed at supporting various agricultural projects across Rustenburg to promote the development of the agriculture sector</li></ul>
Green Economy	<ul style="list-style-type: none"><li>Green Economy Development Programme to stimulate the development of alternative waste processing and renewable energy industries to support local economic development</li></ul>
Catalytic Projects	<ul style="list-style-type: none"><li>Attract investment into the Municipality's priority projects including the approved Precinct for Phatsima, Monnakato, Boitekong, Tlhabane and</li></ul>

SECTOR	PROJECT
	Lethabong. Promote and attract investment in to the CBD regeneration programme along the RRT route, New CBD development and the Rustenburg Aerodrome.

#### Number of Jobs Created

**Table 3.35: Jobs Created**

NUMBER OF JOBS CREATED THROUGH LED INITIATIVES INCLUDING INFRASTRUCTURE PROJECTS FOR 2019/2020			
Year	No. of Jobs created	No. of Jobs lost/displaced by other initiatives	Net total jobs created in year
2019/2020	1384	0	1384

**Table 3.36: Financial Performance 2019/20 Financial Year**

LOCAL ECONOMIC DEVELOPMENT				
Details	2017 -18 Actuals	2018 -19 Budget	2019-20 Actuals	Variance
	R'000	R'000	R'000	R'000
<b>Total Operating Revenue</b>				
Employee Related Costs				
Repairs and Maintenance	N/A	N/A	N/A	N/A
Other Expenditure	N/A	N/A	N/A	N/A
<b>Total Operating Expenditure</b>				
Net Operating Profit/ (Loss)				

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

LOCAL ECONOMIC DEVELOPMENT OBJECTIVES AS PER IDP: 2019/20 FINANCIAL YEAR						
Strategic Objectives	Key Performance Indicators	2018/2019			2019/2020	
		Original Target	Revised Target	Actual Performance	Target	Actual
Drive diversified economic growth and job creation;	Number of jobs created through local economic development initiatives including capital projects by June 2019	500		917	600	1384
Transform and maintain a vibrant and sustainable rural development	Number of SMMEs and cooperative assisted with technical and financial support by June 2019	200		3976	250	2004
Uphold good governance and public	Number of Investment Policies developed and approved	0		1 Draft Investment Incentives Policy	Uphold good governance and public participation principles	Number of Investment Policies developed and approved by Council by 30th June 2019

LOCAL ECONOMIC DEVELOPMENT OBJECTIVES AS PER IDP: 2019/20 FINANCIAL YEAR						
participation principles	by Council by 30th June 2019					
Drive diversified economic growth and job creation;	Number of expression of interests advertised for the plan projects (catalytic) by June 2019	0	0	2 Expressions of Interest were issued for the Education the Hotel and Convention Centre	0	0
Transform and maintain a vibrant and sustainable rural development	Number of pig production units completed by 31 <sup>st</sup> March 2019	0	0	0	0	0
Transform and maintain a vibrant and sustainable rural development	Number of urban-agriculture projects completed by 30 <sup>th</sup> June 2019	0	0	0	0	0

#### COMMENTS ON THE PERFORMANCE OF LOCAL ECONOMIC DEVELOPMENT

- Municipality is in the process of reviewing the Municipality Engagement with Mines and other Stakeholders (MASECO) framework focusing on Enterprise Development, Procurement, Employment, and Education & Skills Development Digitisation of systems such as:
  - An integrated portal for SMMEs, Cooperatives and Contractors linked to all stakeholders;
  - An integrated unemployed persons database
  - Adopt the Contractor Development Programme by all stakeholders
  - Collaborative approach on enterprise development between all stakeholders
  - Procurement spent from locally based companies
  - Locally manufactured capital goods
  - Percentage of services target procured from local companies
- Though access to mining procurement opportunities remain a challenge, the above reviewed focus aimed at addressing capacity constraints and lack of operating infrastructure for SMMEs.
- A sectoral analysis was conducted, informed by the Rustenburg Regional Masterplan 2040 Game Changer Projects and prepared for prospective investors.

## COMPONENT J: HEALTH

### 3.19 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 during the 2019/2020 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"> <li>Employee Assistance Interventions: <b>15</b> cases</li> <li>Employee Wellness Days: <b>876</b></li> </ul>
2.	Number of employees who attended Wellness Information Sharing Sessions and Wellness Days.	Wellness Information Sharing Sessions: <b>1477</b>
3.	OHS inspections conducted	Inspections conducted: <b>39</b>
4.	Risk Assessments conducted within directorates	Risk Assessments conducted: <b>11</b>
5.	OHS Information Sharing Sessions	OHS Information Sharing Sessions: <b>27</b>
6.	OHS Audit conducted within directorates	Audit conducted within directorates: <b>8</b>

### 3.20 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	2019/2020	
	Ordinary Meetings	Special Meetings
Council	6	7

## Council Committees

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

**Table 3.39 Council Committees**

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

### 3.21 STRATEGIC PLANNING AND REGULATORY

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

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

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

#### INTRODUCTION TO STRATEGIC PLANNING AND REGULATORY

##### INTEGRATED DEVELOPMENT PLANNING (IDP)

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

to measure the impact of their programmes and change the implementation of their respective plans to deliver better services to local communities.

## **PERFORMANCE MANAGEMENT**

The role of the Organisational Performance Management Unit is outlined in Chapter 6 of the Local Government: Municipal Systems Act, 2000. The unit coordinates the process of performance reporting on Service Delivery and Budget Implementation Plan (SDBIP). It further, coordinates the quarterly, mid-year reviews and compilation of the annual report. The Performance Management System Policy to cascade performance management to all levels in the municipality was approved by Council on the 29 May 2018 per item 133.

### **3.22 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-seven (27) internal audits for the year under review in accordance with the approved annual operational plan for the year 2019/2020 as per the Three Year Rolling Strategic operational 2018-2021. Twenty-five (27) audits made up of fifteen (19) planned audits, three (3) consulting, four (4) advisories, one (1) PAC request were finalised as at 30 June 2020.

**Table 3.41 Financial Performance**

<b>NO:</b>	<b>Audit description:</b>	<b>Type of audit:</b>
1	Public Safety-Licensing 80/20 split	Planned
2	Year-end Stock Count	Planned
3	Supply Chain Management Process Review Q1 (Compliance)	Planned
4	Section 46 Report review	Planned
5	Audit of Performance Information-Top Layer SDBIP	Planned
6	Review of Annual Financial Statements RLM - 2018/19	Planned
7	Review of Annual Financial Statements RWST – 2019/20	Planned
8	Review of Consolidated Annual Financial Statements – 2018/19	Planned
9	Advisory – Generic Key Performance Indicators (KPI)	Advisory
10	Performance agreement & scorecard-Planning & Human Settlement	Consulting
11	Performance agreement & scorecard-Public Safety	Consulting
12	Performance agreement & scorecard-Roads and Transport	Consulting
13	Revenue from metered services-Meter readings collections	Planned
14	Supply Chain Management Process Review Q2 (Compliance) x 3	Planned
15	Audit of Performance Information-Top Layer SDBIP (Q1)	Planned
16	Audit of Performance Information-Top Layer SDBIP (Q2)	Planned
17	Audit of Performance Information (Directorate SDBIP) (Q1)	Planned
18	Audit of Performance Information (Directorate SDBIP) (Q2)	Planned
19	Advisory = Validity of documentation (service providers)	Advisory
20	Grants Withheld	Advisory
21	Advisory - Controls on unaccounted (losses) water	Advisory
22	Overtime – Part 1, 2 & 3	Planned
23	Supply Chain Management Process Review Q4 (Compliance)	Planned
24	Supply Chain Management Process Review Q4 (Deviation)	Planned
25	Audit of Performance Information-Top Layer SDBIP Q3	Planned
26	Audit of Performance Information (Directorate SDBIP) Q3	Planned
27	Disaster recovery and back-up site verification	PAC request

#### **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:

5. Improving the quality of accounting and internal control functions
6. Strengthening the objectivity and credibility of financial reporting
7. Strengthening the independence of the internal audit functions
8. 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 five members and are listed below.

**Table 2.3 Members of the Performance Audit Committee**

No.	MEMBER	TERM	POSITION	STATUS
1.	W.E Huma	3 years (Appointed 02 May 2017) (Appointed Chairperson on the 29 May 2018)	Chairperson	Month to month from 22 May 2020 (Item 38) by the Municipal Council. Term ended 01 May 2020
2.	S Ngobeni	3 years (Appointed 13 August 2019)	Member	Current
3.	H Maritz	3 years (Appointed 02 May 2017)	Member	Month to month from 22 May 2020 (Item 38) by the Municipal Council. Term ended 01 May 2020
4.	Z Nkosi	3 years (Appointed 29 May 2018)	Member	Current
5.	L Moyo	3 years (Appointed 13 August 2019)	Member	Current

#### Attendance

During the year under review, sixteen (16) meetings were held where the Municipal Manager and Management are invitees. External stakeholders such as the Auditor-General of South Africa (AGSA), National and Provincial Treasury were invited to meetings.

**Table 2.4 Attendance of meetings**

No.	MEMBER	ROLE	MEETINGS HELD	NUMBER OF MEETING HELD	NUMBER OF MEETINGS ATTENDED
1.	W.E Huma	Chairperson	<b>Rustenburg Local Municipality</b> 12 July 2019 16 August 2019 30 August 2019 27 September 2019 15 November 2019 06 December 2019 18 December 2019 24 February 2020 13 March 2020	16	16
2.	H Maritz	Member		16	14
3.	S. Ngobeni	Member		16	5
4.	Z Nkosi	Member		16	14
5.	L Moyo	Member	<b>Rustenburg Water Services Trust</b> 27 August 2019 30 August 2019 14 November 2019 27 November 2019 03 March 2020	16	13

### 3.23 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
- Occupational Health and Safety: Employee Wellness

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

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

**Employment Statistics:**

A total number of 108 employees were appointed from 01/07/2019-30/06/2020 through the normal recruitment process.

**Performance:**

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

**Leave days:**

Annual leave total from 1/7/2019 – 30/06/2020: The leave register indicates that a total number 30772 working days were taken by municipal employees.

- Annual Leave = 18921

- Sick Leave = 7734
- Maternity Leave = 847
- Study Leave = 608
- Family responsibility = 774
- Long Service = 1679
- Injury on Duty = 209

The following programmes were implemented:

**Table 3.43 Financial Performance**

Learning Programme	Duration	No of Learners	Source of funding
1. Operators New Licenses	2 Days	77	2019/20 WSP funding
2. Renewal of Operators Licenses	2 Days	80	2019/20 WSP funding
<b>TOTAL AMOUNT</b>		<b>157</b>	<b>R190, 950.00</b>
3. Customer Care	4 Days	2	COGTA Funding
4. Investigation Corrupt Activities	4 Days	2	COGTA Funding
5. Excel Training	4 Days	2	COGTA Funding
6. HRD Training	4 Days	2	COGTA Funding
7. ND: Supply Chain Management	12 Months	10	National Treasury
8. Municipal Performance Management	3 Days	7	SALGA
<b>TOTAL COST OF ACCOMMODATION FOR COGTA FUNDED PROGRAMS</b>		<b>8</b>	<b>R 5,546.00</b>
<b>TOTAL COST SPEND FROM WSP</b>		<b>165</b>	<b>R196, 496.00</b>

**Support Services:**

Employee wellness services and educational programmes, such as Employee Assistance Programme and Occupational Health and Safety, etc. were provided to a total number of two thousand three hundred and twelve (2312) employees during the 2019/20 financial year.

The following support services were rendered to municipal employees:

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

**Table 3.44 Statistical Information**

No	Detail	Total Number
		2019/2020
1	Disciplinary cases: Handled	22
	Disciplinary cases: Finalized	14
	Disciplinary cases: Outstanding	8
2	Suspensions	18
3	Dismissals	7

4	Grievances: Handled	10
	Grievances: Finalized	10
	Grievances: Outstanding	0

**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 Belinda Manual	Irregular appointment of personnel	02/09/2019 to date	Disciplinary actions were taken against the employee and the hearing is still pending.	The matter is not yet settled
Mr Neville Moitse	Bringing the name of the municipality into disrepute	24/02/2020 to date	Disciplinary actions were taken against the employee and the hearing is still pending.	The matter is not yet settled
Ms Zukiswa Mbolekwa-Pupuma	Bridging of MFMA	05/09/2019 to 30 June 2020	Disciplinary actions were taken against the employee and she was dismissed on the 30 June 2020	The matter was settled On the 30 June 2020
Mr Wonderboy Simelane	Gross insubordination	22/01/2020 to date	Disciplinary actions were taken against the employee and the hearing is still pending.	The matter is not yet settled
Mr Benjamin Modisane	Electrical illegal connections	17/03/2020 to date	Disciplinary actions were taken against the employee and the hearing is still pending.	The matter is not yet settled
Mr Dennis Kgwale	Electrical illegal connections	17/03/2020 to date	Disciplinary actions were taken against the employee and the hearing is still pending.	The matter is not yet settled
Mr Tumelo Letlojane	Breaching of Indigent Policy	23/08/2019 to date	Disciplinary actions were taken against the employee and the hearing is still pending.	The matter is not yet settled

Name	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action Taken or Status of Case and Reasons if matter not finalized	Date Matter Settled
Mr Pheko Sindane	Theft	27/01/2020-04/06/2020	Disciplinary actions were taken against the employee, hearing has been completed and awaiting the outcomes.	The matter is not yet settled
Mr Charles Ntlebi	Theft	27/11/2019-11/03/2020	Disciplinary actions were taken against the employee, hearing has been completed and awaiting the outcomes	The matter is not yet settled
Mr Isaac Tlou	Theft	27/11/2019-11/03/2020	Disciplinary actions were taken against the employee, hearing has been completed and awaiting the outcomes	The matter is not yet settled
Mr Tshepo Mulaudzi	Theft	27/11/2019-11/03/2020	Disciplinary actions were taken against the employee, hearing has been completed and awaiting the outcomes	The matter is not yet settled
Mr Pule Mahapela	Irregular appointment of personnel	27/11/2019	Disciplinary actions were taken against the employee and the hearing is still pending.	The matter is not yet settled
Mr Andrew Pholose	Irregular appointment of personnel	25/11/2019 to date	Disciplinary actions were taken against the employee and the hearing is still pending.	The matter is not yet settled
Mr Brenda Kuntelepano	Malingering	27/01/2020 to date	Disciplinary actions were taken against the employee and the hearing is still pending.	The matter is not yet settled
Mr Nhlanhla Nkosi	Irregular appointment of Personnel	27/01/2020 to date	Disciplinary actions were taken against the	The matter is not yet settled

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
			employee and the hearing is still pending.	
Mr Kinna Marekoa	Electrical illegal connection	17/03/2020 to date	Disciplinary actions were taken against the employee and the hearing is still pending.	The matter is not yet settled
Mr Doctor Mpete	Soliciting Bribe	10/06/2020	Disciplinary actions were taken against the employee and the hearing is still pending.	The matter is not yet settled
Mr Maselete Pharasi	Soliciting Bribe	10/06/2020	Disciplinary actions were taken against the employee 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 75 new employees.
- 23 employees were promoted.

#### 3.24 LEGAL AND VALUATION UNIT

##### INTRODUCTION

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

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

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

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

- Litigation and case Management;

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

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

<b>Compliance</b>	<ul style="list-style-type: none"> <li>• The Council has approved the review of the Manual on Promotion of Access to Information (PAIA). Prior to the approval by the Council, Municipal Manager and Directors were taken on board during MANCO about the application of this legislation and as a result a number of inputs were received from the Directors in order to be incorporated in the review document. The PAIA Manual is about to be promulgated in the Government Gazette;</li> <li>• The Delegation of Powers Framework as required by legislation is in place.</li> <li>• The Unit is providing directorates with assistance in reviewing existing By-laws and Policies as well as new By-laws including the promulgation</li> </ul>												
<b>Contract Management</b>	<ul style="list-style-type: none"> <li>• Legal Unit provides support and advice regarding the drafting, negotiation and settling of service level agreements as required by MFMA.</li> <li>• Unit Legal and Valuation is also providing support and advice on amendment of contracts in terms of the requirements of section 116 of Municipal Finance Management Act,2003;</li> </ul>												
<b>Litigation</b>	<ul style="list-style-type: none"> <li>• The Unit: Legal and Valuation is responsible for instituting litigation on behalf the municipality as well as defending claims or actions taken against the municipality. This claims and or litigious matters are taking place before the Magistrate Court, Regional Court, High Court, Supreme Court of Appeal, Constitutional Court. In addition, there are labour matters that are handled in terms of the Bargaining Council Collective Agreement (Arbitration and Labour Court. In rendering the above services, the municipality may engage services of external legal advisors to represent the municipality. The Unit also assists the Directorate Corporate Support in the prosecution and chairing of serious disciplinary matters.</li> <li>• In the area of Town planning, the Unit is providing support in the form of providing legal support or advice on Appeals that have been lodged in terms of SPLUMA legislation.</li> <li>• In the domain of Housing, the Unit is representing the municipality in the Housing Tribunal especially where there are disputes between the lessor and the lessee;</li> <li>• Externally the Municipality have appointed a Panel of Attorneys to represent the Municipality in litigation matters. During the period under review the Unit: Legal dealt with total number of 57 cases. The cases are as follow:</li> </ul> <table border="1" data-bbox="316 1659 1027 1727"> <thead> <tr> <th data-bbox="316 1659 671 1686">Litigation</th> <th data-bbox="678 1659 802 1686">2017/2018</th> <th data-bbox="809 1659 933 1686">2018/2019</th> <th data-bbox="940 1659 1027 1686">2019/2020</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 1688 671 1715">• Cases instituted against Municipality</td> <td data-bbox="678 1688 802 1715">50</td> <td data-bbox="809 1688 933 1715">52</td> <td data-bbox="940 1688 1027 1715">75</td> </tr> <tr> <td data-bbox="316 1718 671 1727">• Cases instituted for the municipality</td> <td data-bbox="678 1718 802 1727">63</td> <td data-bbox="809 1718 933 1727">17</td> <td data-bbox="940 1718 1027 1727">7</td> </tr> </tbody> </table>	Litigation	2017/2018	2018/2019	2019/2020	• Cases instituted against Municipality	50	52	75	• Cases instituted for the municipality	63	17	7
Litigation	2017/2018	2018/2019	2019/2020										
• Cases instituted against Municipality	50	52	75										
• Cases instituted for the municipality	63	17	7										

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

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

**Employment Statistics:**

A total number of 108 employees were appointed from 01/07/2019-30/06/2020 through the normal recruitment process.

**Performance:**

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

**Leave days:**

Annual leave total from 1/7/2019 – 30/06/2020: The leave register indicates that a total number 30772 working days were taken by municipal employees.

- Annual Leave = 18921

- Sick Leave = 7734
- Maternity Leave = 847
- Study Leave = 608
- Family responsibility = 774
- Long Service = 1679
- Injury on Duty = 209

The following programmes were implemented:

**Table 3.43 Financial Performance**

Learning Programme	Duration	No of Learners	Source of funding
9. Operators New Licenses	2 Days	77	2019/20 WSP funding
10. Renewal of Operators Licenses	2 Days	80	2019/20 WSP funding
<b>TOTAL AMOUNT</b>		<b>157</b>	<b>R190, 950.00</b>
11. Customer Care	4 Days	2	COGTA Funding
12. Investigation Corrupt Activities	4 Days	2	COGTA Funding
13. Excel Training	4 Days	2	COGTA Funding
14. HRD Training	4 Days	2	COGTA Funding
15. ND: Supply Chain Management	12 Months	10	National Treasury
16. Municipal Performance Management	3 Days	7	SALGA
<b>TOTAL COST OF ACCOMMODATION FOR COGTA FUNDED PROGRAMS</b>		<b>8</b>	<b>R 5,546.00</b>
<b>TOTAL COST SPEND FROM WSP</b>		<b>165</b>	<b>R196, 496.00</b>

**Support Services:**

Employee wellness services and educational programmes, such as Employee Assistance Programme and Occupational Health and Safety, etc. were provided to a total number of two thousand three hundred and twelve (**2312**) employees during the 2019/20 financial year.

The following support services were rendered to municipal employees:

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

**Table 3.44 Statistical Information**

No	Detail	Total Number
		2019/2020
1	Disciplinary cases: Handled	22
	Disciplinary cases: Finalized	14
	Disciplinary cases: Outstanding	8
2	Suspensions	18
3	Dismissals	7
4	Grievances: Handled	10
	Grievances: Finalized	10

Grievances: Outstanding	0
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#### COMMENTS ON THE OVERALL PERFORMANCE OF HUMAN RESOURCES

- For the previous financial year, the Council managed to appoint 75 new employees.
- 23 employees were promoted.

#### 3.25 SPECIAL PROJECTS

Table 3.48 Achievements for the financial year under review

Programme/Session	Details	Financial Year
Information Sharing	On the 26 July 2019 Special Projects had invited different governments department and private sector at Reitvlei to do presentation on services rendering to the communities, department such as Department of Social Development, Premiers Office, DEDCET, Zakhele, Aurum and other departments.	2019-2020
Women's Month events	<ol style="list-style-type: none"> <li>1. On the 8<sup>th</sup> August 2019, Special Project in partnership with Interdenominational women in Tlhabane had prayer session at Tlhabane Community Hall were more than 350 women attended the event, different stakeholders were invited and Executive Mayor graced the event. <ul style="list-style-type: none"> <li>- On the 05 September 2019 Special Projects had invited Department of Agriculture and Rural Development, SARS, Department of Consumer Affairs. The Information sharing session was to encourage women to contribute in the economic sector (women in Business).</li> </ul> </li> </ol>	2019-2020
Dialogue on Gender Based Violence	<ol style="list-style-type: none"> <li>a. On the 18<sup>th</sup> October 2019 special Project in partnership with DSD held a Gender Based Violence dialogue at Boitekong Sports Ground.</li> </ol> <p>On the 12<sup>th</sup> November 2019 Special Project in partnership with NACOSA, Lifeline, Office of the Premier held a dialogue session about HIV, GBV AND Drugs</p>	2019-2020
Children's Council Debate:	On the 11 <sup>th</sup> October 2019 Special Project hosted Children's Council Debate at Rustenburg Civic Centre (Council Chamber) debate is a Platform for learners to talk about their challenges.	2019-2020
National Plan of Action	On the 22 <sup>nd</sup> -23 <sup>rd</sup> November 2019 Special Project, Office of the Rights of Child (Province DSD) and Office of the Rights of Child (National DSD) held a National Plan of Action for Children in RLM	2019-2020
Men's Dialogue	On the 13 <sup>th</sup> March 2020 Special Project had a men's dialogue at Civic Centre, the objective of dialogue was to	2019-2020

Programme/Session	Details	Financial Year
	<ol style="list-style-type: none"> <li>1. NOT to look away, NOT to be by standers and NOT to be Silent</li> <li>2. To play a role in our personal, professional and leadership capacities to stop: <ul style="list-style-type: none"> <li>• Relationships of Every Kind</li> <li>• Raising Boys today</li> <li>• Gender Based Violence</li> </ul> </li> </ol> <p>To change attitudes and actions that perpetuates sexism</p>	
<b>NGO Workshop</b>	<ol style="list-style-type: none"> <li>1. On the 16 August 2019 Special project in partnership with Department of Social Development had NPO Act Compliance Training (capacity building) for all registered NPO at 08 floor Council Chamber.</li> </ol> <p>On the 18<sup>th</sup> November 2019 Special Project in partnership with DSD held a workshop session for ECDs funded by DSD</p>	2019-2020
<b>Cancer awareness fun/run walk</b>	On the 12 <sup>th</sup> October 2019 special Project in the partnership with Thela Media held a Cancer fun/walk	2019-2020
<b>Interdenominational prayer</b>	<p>On the 24 September 2019 Special Project in partnership with Interdenominational Women (BoMme ba Thapelo) had a walk and prayer session at Ben Marais Hall. The objective of march was to pray for the following:</p> <ol style="list-style-type: none"> <li>b. Women and children abuse, stealing and killings</li> <li>c. Murder and illegal abortion</li> <li>d. SVK in schools and Homeless people</li> <li>e. Drugs, Prostitution, and rapes</li> </ol> <p>Peace in families.</p>	2019-2020
<b>Christmas with our Children</b>	On the 3 <sup>rd</sup> December 2019 Special Project in partnership with Motsepe Foundation donated 2500 toys to orphans, vulnerable and needy children around Rustenburg Jurisdiction at Ben Marais Hall.	2019-2020
<b>16 days of Activism and Cancer awareness</b>	<ol style="list-style-type: none"> <li>1. On the 12<sup>th</sup> December 2019 special project in partnership with DSD held cancer awareness and 16 days' activism against women and children abuse. <ol style="list-style-type: none"> <li>A) Human Rights Commission</li> <li>B) Thela Media</li> <li>C) Aurum institute</li> <li>D) Zakheni Training and Development</li> <li>E) Lifeline</li> <li>F) Commission of Gender Equality</li> </ol> </li> <li>2. Special Project hosted 16 days of activism against Women and Children Abuse at Rustenburg Civic Centre (City Hall) target was 200 women from different wards, NGO's, and women formations. Stakeholders involved</li> </ol>	2019-2020

Programme/Session	Details	Financial Year
	were: NPA, Department of Social Development, victim of GBV, Cancer Savior and Thela Media 3. On the 14 November 2019 Special Project in partnership with Thuthuzela care centre had a built up session for 16 days.	
<b>Parenting session</b>	On the 19 <sup>th</sup> February 2020 Special Project in partnership with DSD and FAMSA held a parenting session at Boitekong Sports Grounds.	2019-2020
Blanket Distribution/Donation	<ul style="list-style-type: none"> <li>Special Project handed out 100 blankets to older Persons in Rustenburg Noord as part of Mandela Day Celebration on the 18<sup>th</sup> July 2019.</li> <li>10 Blankets have been donated to the elderly in NCFI on the 25 August 2019</li> </ul>	2019-2020
Fun Walk/Aerobics	- On the 27 <sup>th</sup> July 2019 Special Project in partnership with Virgin Active held an aerobics session with the elderly at Tsitsing Sports Grounds.	2019-2020
Golden Games	<ul style="list-style-type: none"> <li>Special Project in partnership with Social Development hosted Local Government Golden Games for older persons in Rustenburg Olympia Park Stadium on the 12<sup>th</sup> August 2019.</li> <li>Special Project in partnership with Provincial Department of Social Development hosted provincial Government Golden Games and Choir Competitions for older persons in Rustenburg Olympia Park Stadium on the 25-26 September 2019.</li> </ul>	2019-2020
Wheelchair handout	Special Project handed out a wheelchair to an elderly woman	2019-2020
Older Persons month	Special Project in Partnership with Royal Bafokeng Nation held a sports event for the elderly during senior citizens month on the 18 <sup>th</sup> October 2019. Service points around Rustenburg participated	2019-2020
Ward Forum Launches	33 wards have been launched for older persons forum	2019-2020
Older persons legislature conference	15 Older persons delegates in Rustenburg went to Potchefstroom to attend the parliamentary conference on the 22 <sup>nd</sup> November 2019. The purpose was to address issues affecting older persons	2019-2020
Hygiene packs and beanie	On the 7 <sup>th</sup> August 2019 Special Project and Al'Imdaad handed 30 hygiene packs and 30 beanies to Ntshalle Le Bana Disability Centre	2019-2020
Disability Legislature conference	15 people with disabilities delegates in Rustenburg went to Vryburg to attend the parliamentary conference on the 15 <sup>th</sup> November 2019. The purpose was to address issues affecting people with disabilities.	2019-2020
Conference for the Blind	Special Project delegated two blind people to attend the national conference for the Blind at Cape Town from the 6-8 <sup>th</sup> October 2019.	2019-2020

Programme/Session	Details	Financial Year
Older persons 100years and above	On the 31 <sup>st</sup> December 2019 Special Project celebrated an older person turning 102 years in Mogajane.	2019-2020
Covid-19 Mattress and PPE distribution	During lockdown in May 2020, 12 NGOs around Rustenburg received PPEs, Sanitizers and mattresses (20 mattresses each NGO). <ul style="list-style-type: none"> <li>• Ntshalle le bana Centre</li> <li>• Tshupe Hospice</li> <li>• Bessie Mpelele Ngwana</li> <li>• Thari Mmelegi</li> <li>• Otshepeng Old Age Home</li> <li>• Ikanyeng Home based Care</li> <li>• Bakwena ba Mogopa Home Based Care</li> <li>• Community Answer Home Based Care</li> <li>• Tlhokomelo Health Care</li> <li>• Phediso Home Based Care</li> <li>• Genesis Disability Centre</li> <li>• Kitso Ke Lesedi Home Based Care</li> </ul>	2019-2020
SKILLS DEVELOPMENT	Registered about 1000 unemployed youth from different wards, and present a learnership program and Application forms (BankSeta) on the 21/22 July 2019	2019/2020
Job Preparation and Unemployment youth database	Information Sharing Session- Special Projects invites different stakeholders to present their services to young people on the 26 July 2019	2019/2020
MARATHON/WALK	ABSA Mayoral Marathon / Walk was held at Olympia Park Stadium on the 14 Sept 2019	2019/2020
SUBSTANCE AND DRUG ABUSE	There was an engagement with 65 homeless young people at the taxi rank, whom were reported to be using nyaope, stealing from people and actively took part on criminal activities within the taxi rank on 17 Sept 2019	2019/2020
YOUTH DIALOGUE	Youth dialogue was held at Old Town Hall on the 27 Sept 2019	2019/2020
Job seekers database registration	Information Sharing Session on government departments services and database of unemployed youth. Assisted youth with drafting CV's, Online job application and filling application forms on 07 October 2019	2019/2020
Cancer awareness	Fun Walk for Cancer awareness at Olympia Park Stadium. Promoting healthy lifestyle and making awareness about the different types of cancers that is affecting the youth on the 12 Oct 2019	2019/2020
SPORT AGAINST CRIME	<ul style="list-style-type: none"> <li>• Donated two soccer balls to North West FC.</li> <li>• Donated 100 bottled water, two netball balls and two soccer balls to Lesung Village Community Sports and Recreation</li> <li>• Donated two soccer balls to Geelhout Park Academy FC</li> <li>• Special Projects organised Memorial service for two young women whom were brutally murdered by their boyfriends at Boitekong Stadium.</li> </ul>	2019/2020

Programme/Session	Details	Financial Year
Youth in Business/NGO/ NPO	Special Projects together with Rakhudu foundation facilitated a workshop for NGO and NPO that are dealing with skills development programs. Rakhudu Foundation will assist until NPO / NGO are accredited. Report writing and NGO/NPO compliance assistance on the 26 Feb 2020	2019/2020
Youth employment	Launching of job creation programme at Omaramba Lodge with DEDECT on the 27 Feb 2020	2019/2020
Skills development	Financial management and marketing NQF Level 4 started on the 04 March 2020	2019/2020
Career expo for Youth out of school	Outreach for opportunity and careers available for youth out of school on 25 March 2020	2019/2020
Bursaries	On January Office of the Executive Mayor The office admitted and funded ten (10) students to study at different institutions. <ul style="list-style-type: none"> <li>• Mechanical Engineering</li> <li>• Chartered Accounting</li> <li>• Financial Accounting</li> <li>• Electrical Engineering</li> <li>• Biometrix</li> <li>• Law</li> <li>• Bcom Strategic Management</li> <li>• Professional Cookery</li> <li>• Law</li> </ul>	2019- 2020
Career Exhibition	On the 24-28 February 2020 Special Project partnered with the Department of Education had an Annual Career Exhibition for all the 54 Secondary Schools learners which are in Grade 12.	2019-2020
Career Counselling	On August 2019 Special projects office partnered with the Department of Education had a career counselling for all the grade 9,10 and 11 learners. Different institutions and stakeholders presented to the learners on how to choose their careers and which subjects to choose from.  <b>Maths &amp; Science Aviation Career Session</b> Special Projects office partnered with the Department of Education had an Aviation session with South African Air Force, South African Army and the Department of Fishery presented to the learners the opportunities available for the learners.	2019-2020
Childrens Council	On the 12 October 2019 Special Project office in partnership with Department of Education launched Childrens Council were learners from different Secondary schools in the jurisdiction of Rustenburg. Learner representative discussed issues pertaining to education.	2019-2020
Annual School visit	In January 2020 Special Project office partnered with Department of Education visited all the schools in the	2019 -2020

Programme/Session	Details	Financial Year
	jurisdiction of Rustenburg to motivate all the learners in the new year and their studies .	
Thari Mmelegi Orphanage Home (drugs and substance abuse)	On the 21 January 2020 Special Project office and Khulisa solutions visited Thari Mmelegi Orphanage to present drugs and substance abuse to the learners at the centre.	2019- 2020
Donation of stationery	On the 4 February 2020 the special projects office partnered with different stakeholders donated school bags to the disadvantaged learners. <ul style="list-style-type: none"> <li>• Seraleng Primary School</li> <li>• Kloofwaters Primary School</li> </ul>	2019 - 2020
Sanitary Towels distribution	On the 11 November 2019 Special Project office partnered with Department of Education, Old Mutual and other stakeholders donated sanitary towels to the following schools: <ul style="list-style-type: none"> <li>• Boons Secondary School</li> <li>• Mathopestad Primary School</li> <li>• Syferbuilt Primary School</li> <li>• Monato Primary School</li> <li>• Buantswa Primary School</li> <li>• DE-HY Primary School</li> <li>• Naupoort Secondary School</li> <li>• Lesele Secondary School</li> <li>• Bakubung Intermediate School</li> <li>• Tlapa Primary School</li> <li>• Fapha Primary School</li> <li>• Seraleng Primary School</li> <li>• Tsunyane Primary School</li> </ul>	2019- 2020
Collect A shoe campaign	On the 11 November 2019 Special Project office donated school shoes to the rural and farm schools in the jurisdiction of Rustenburg. The benefitted schools are as follows: <ul style="list-style-type: none"> <li>• Seraleng Primary School</li> <li>• Mmanape Secondary School</li> <li>• Tsitsing Primary School</li> <li>• Tlaseng Primary School</li> <li>• Tantanana Primary School</li> <li>• Motsitle Primary school</li> <li>• Matlhare Mokautu Secondary School</li> <li>• Tlapa Primary School</li> <li>• Tsunyane Primary School</li> <li>• Fapha Primary School</li> </ul>	2019 -2020
Mandela Charity Fun walk	Special Project office had a Mandela Charity fun walk at Tsitsing Stadium on the 27 July 2019, the aim of the walk was to raise an awareness of fitness and to donate school shoes to the village schools in the jurisdiction Of Rustenburg.	2019-2020

### 3.26 ORGANISATIONAL STRATEGY & PLANNING

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#### INTRODUCTION

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

- Integrated Development Planning; and
- Organisational Performance Management

#### Integrated Development Planning

The process of reviewing the IDP is followed in terms of the requirements of section 34 of the Local Government: Municipal Systems Act, 2000. It is coordinated and facilitated with all directorates and stakeholders to ensure that the Reviewed IDP is approved on time by the council. The municipality is currently using the review process to ensure that the IDP moves beyond focusing on outputs and becomes more outcomes and results oriented. The change in focus will assist the directorates to begin to measure the impact of their programmes and change the implementation of their respective plans to deliver better services to local communities.

#### Organisational Performance Management

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

### 3.27 ANNUAL PERFORMANCE REPORT (SECTION 46 REPORT: 2019/2020)

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.

### 3.27.1 LEGISLATIVE REQUIREMENTS

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

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

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

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that “A Municipality’s Performance Management System entails a framework that describes and represents how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players.” Performance management is not only relevant to the organisation, 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.

### 3.27.2 PERFORMANCE MANAGEMENT OVERVIEW AND PROCESS

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

- At the beginning of the 2019/2020 financial year, there were 41 KPIs in the SDBIP. During the adjustment period, KPI’s were revised and the number became 46.

- The scorecards table in the SDBIP provides for Portfolio of Evidence which must accompany the report to ensure each KPI is supported 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.

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

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

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

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

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

### 3.28 COMPARATIVE ANALYSIS OF THE 2018/19 AND 2019/20 PERFORMANCE

The municipality's performance was at 50% 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.

**Commented [Cm2]:** Consideration of the revised total for 2019/20.

Key Performance Areas (KPA's)	2018/19 Organisational Performance					2019/20 Organisational Performance			
	TOTAL Number of KPI's	KPI's Achieved	KPI's not achieved	Withdrawn	Performance in Percentages	TOTAL Number of KPI's	KPI's Achieved	KPI's not achieved	Performance in Percentages
Municipal Institutional Development and Transformation	9	4	5	0	44%	4	0	4	0%
Good Governance and Public Participation	21	10	11	0	48%	3	3	0	100%
Municipal Financial Viability and Management	23	8	15	0	35%	14	2	12	14%
Local Economic Development	8	7	1	0	88%	5	5	0	100%
Basic Service Delivery and Infrastructure Development	28	16	12	0	57%	18	12	6	67%
Spatial Rationale and Transformation	6	4	2	0	67%	2	1	1	50%
<b>TOTAL</b>	<b>95</b>	<b>49</b>	<b>46</b>	<b>0</b>	<b>56%</b>	<b>46</b>	<b>23</b>	<b>23</b>	<b>50%</b>

It should be noted that there is a decrease of 6% 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**

<b>Colour Legend</b>	<b>Category</b>	<b>Explanation</b>
	KPI Not Met	Actual vs Target Less than 75%
	KPI Met	Actual vs Target 100% Achieved

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

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

Municipal Strategic Priority: Drive Optimal Institutional Development, Transformation and Capacity Building								
Municipal Strategic Objective: Develop, implement and review internal policies and procedures on regular basis								
KPI 1: Number of HR policies reviewed and submitted to Council for approval	2018/2019			2019/2020				
	Annual Target	Actual Performance	Achieved/Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	12	12	Achieved	30	- Reviewed HR Policies - Council Resolution	10	5	Not Achieved
Comment on the achievement of the KPI and remedial measures								
<p><b>Not Achieved</b></p> <p>LLF Sub Committee meetings were held on the 06, 07 and 13 November 2019.</p> <p>The following Policies were submitted to council for approval at a meeting that was scheduled for 31 March 2020.</p> <ul style="list-style-type: none"> <li>• Acting Policy Appointment and Allowance Policy.</li> <li>• Recruitment and Selection Policy.</li> <li>• Transfer Policy.</li> <li>• Secondment Policy</li> <li>• Placement Policy</li> </ul>								

**Variations and reason for non-achievement**

The meeting did not sit due to adherence to Covid-19 Lockdown regulations.

**Remedials**

The remainder five (5) policies shall be tabled during the 2020/2021 financial year for council approval.

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 2: % of the municipality's budget actually spent on implementing its Workplace Skills Plan	2018/2019			2019/2020			
	Original Target	Actual Performance	Achieved/Not Achieved	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	100%	34%	Not Achieved	100%	WSP Stamped BTO Spreadsheet	8.12%	Not Achieved

**Comment on the achievement of the KPI and remedial measures****Not Achieved**

Interventions that were implemented included new and renewal of licenses for operators of specialized trucks and machineries. An amount of R195 000 was spent out of the R2 400 000 budget allocated which translated to 8.12% expenditure.

**Variations and reason for non-achievement**

Appointment of accredited training providers could not be finalized for the financial year under review.

**Remedial Measures**

Procurement of the training providers shall be included as part of the procurement plan in the new Financial year. Due to uncertainties about the duration of the lock down, innovative service providers who can offer online and remote training practices that can yield good results for learners must be procured.

KPI 3: Number of people from employment equity target groups employed in the 3 highest levels of management in compliance with a municipality's approved employment equity plan	2018/2019			2019/2020				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	New KPI	-	-	13	Approved Employment Equity (EE) Plan	-	5	Not Achieved

**Comment on the achievement of the KPI and remedial measures**

**Not Achieved**

**Variations and reason for non-achievement**

Numeric target for achievement of this KPI were not well determined from the on set

**Remedial Measures**

As a remedial for future achievement of this KPI, the equity plan must be reasonable. Numeric targets must for each year be based on available, confirmed and prioritized positions to be filled.

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 4: Number of Organizational Structures Audits Done by 30 June 2020.	2018/2019			2019/2020			
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	1 x Reviewed Organisational Structure	0	Not Achieved	1 x Organisational Structure Audit approved by the Municipal Manager	1 x organizational Structure Audit approved by the Municipal Manager by 30 June 2020	1 x Draft developed	Not Achieved

**Comment on the achievement of the KPI and remedial measures**

**Not Achieved**

**Variances and reason for non-achievement**

The Process plan for the organisational structure clean-up served at the LLF meeting of 08 October 2019. During the mid-year assessment, it was acknowledged that the term of the current Council will be ending in 2021 and a new organizational structure would be developed in line with the vision and mission of the new Council.

**Remedial Measures**

The KPI was relegated to focusing on audit of the current structure to provide pointers and guidelines at the time of complete structure overhaul during the next term of new Council.

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

Municipal Strategic Priority : Uphold Good Governance And Public Partiipation Principles								
Municipal Strategic Objective : Drive Good Governance and Legislative Compliance in all municipal processes								
KPI 5: Number of 2018/19 Annual Report compiled and tabled to Council for adoption by 31 January 2020	2018/2019			2019/2020				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	1x 2017/2018 annual report compiled, tabled to and approved by the municipal Council	0	Not Achieved	1 x 2018/19 Annual Report compiled and tabled to Council	2018/2019 Annual Report Council Resolution	-	1x Annual Report was tabled to Council on the 31 January 2020	Achieved
Comment on the achievement of the KPI and remedial measures								
Achieved								

The 2018 /2019 Annual Report was compiled tabled to Council per item 11 on the 31<sup>st</sup> January 2020. Public hearings on the tabled annual report were conducted from the 17 – 28 February 2020.

KPI 6: Number of 2020/21 IDP reviewed and submitted to Council for approval by 31 May 2020	2018/2019			2019/2020				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	1 x 2019/20 IDP	1	Achieved	1 x Reviewed 2020/21 IDP	1 x Reviewed 2020/21 IDP Council Resolution	-	1 x Reviewed 2020/21 IDP	Achieved
<b>Comment on the achievement of the KPI and remedial measures</b>								
<b>Achieved</b>								
<p>The 2020/2021 IDP Review served before Council and was approved per item 94 on the 30<sup>th</sup> June 2020. The initial process included the compilation of the draft which was initially scheduled to serve before Council in May 2020. As a result of the lockdown and limitation on movements the review 2020/2021 IDP was approved a month later but still within the permitted legislative timeframes.</p>								

KPI 7: Number of 2019/20 Service Delivery and Budget Implementation Plan (SDBIP) developed by 30 June 2019	2018/2019			2019/2020				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	1 x 2019/20 SDBIP tabled at Council 28 days after the adoption of the 2019/20 budget	1	Achieved	1 x 2020/21 SDBIP approved by the Executive Mayor	Approved 2020/21 SDBIP	-	1 x 2020/21 SDBIP approved by the Executive Mayor	Achieved
<b>Comment on the achievement of the KPI and remedial measures</b>								
<p><b>Achieved</b></p> <p>The 2020/2021 Service Delivery and Budget Implementation Plan (SDBIP) was submitted and approved by the executive Mayor on the 17th July 2020. The approval happened within the prescribed 28 days after the approval of the both the IDP and the budget which happened on 30<sup>th</sup> June 2020. The SDBIP was publicized on the Municipal website as per Section 75(2) of the Municipal Financial Management Act (MFMA) No.56 of 2003 and scheduled to serve before Council only for noting.</p>								

### 3. 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 programmes and ensure internal financial sustainability								
KPI 8: Number of the mSCOA modules implemented	2018/2019			2019/2020				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	1 x mSCOA implementation plan developed	1 x mSCOA implementation plan developed	Achieved	8 mSCOA modules implemented as per the Service Level Agreement	mSCOA Quarterly Report	-	8 mSCOA modules implemented as per the Service Level Agreement	Achieved
Comment on the achievement of the KPI and remedial measures								
<p><b>Achieved</b></p> <p>The following 8 key modules were implemented.</p> <ul style="list-style-type: none"> <li>• Budget Management</li> <li>• Payroll</li> <li>• Procurement (SCM including inventory)</li> <li>• Assets</li> <li>• Billing and receipting</li> <li>• Generals ledger and reporting</li> <li>• IDP projects</li> <li>• Creditor Management</li> </ul>								

The non-core Modules which were also incorporated includes the following:

- Metrofile -Data Star: Document Management Module for Scanning and storage of important documentation.
- Contact Management modules for Incident Management for consumer queries and Workflow Management

The full implementation of the modules did not go without glitches. A number of hiccups in the implementation were experienced the service provider was put on terms, a plan with timelines was put in place to monitor the set mile stones.

KPI 9: Percentage collection of revenue billed	2018/2019			2019/2020				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	≥95%	77%	Not Achieved	85% collection of revenue billed	Stamped BTO Spreadsheet	-	81%	Not Achieved
<b>Comment on the achievement of the KPI and remedial measures</b>								
<p><b>Not Achieved</b></p> <p>Rustenburg Local Municipality managed 81% collection of the revenue billed for the 2019/2020 financial year.</p>								

REVENUE PER CATEGORY (2019/20)			
GL Category Description	Full Year Budget	Year to Date Actual	Variance
1000 - Agency Services [Revenue - Exchange Revenue	99 248 688.52	(62 705 763.66)	161 954 452.18
1100 - Interest, Dividend and Rent on Land [Revenue	445 974 920.47	(416 472 760.36)	862 447 680.83
1200 - Licenses or Permits [Revenue - Exchange Rev	288 626.57	(130 797.89)	419 424.46
1300 - Operational Revenue [Revenue - Exchange Rev	7 171 728.46	(1 244 769.93)	8 416 498.39
1400 - Rental from Fixed Assets [Revenue – Exchange	10 036 370.97	(9 431 472.37)	19 467 843.34
1500 - Sales of Goods and Rendering of Services [R	7 591 551.75	(18 270 930.72)	25 862 482.47
1600 - Service Charges [Revenue - Exchange Revenue	3 144 542 227.18	(2 783 495 491.48)	5 928 037 718.66
2100 - Fines, Penalties and Forfeits [Revenue – No	29 102.76	(11 302 915.84)	11 332 018.60
2300 - Licenses or Permits [Revenue - Non-exchange	-	(145 327.81)	145 327.81

2400 - Property Rates [Revenue - Non-exchange Revenue	377 121 629.10	(378 089 755.61)	755 211 384.71
3000 - Transfers and Subsidies [Revenue - Non-exch	1 384 958 099.00	(744 233 584.85)	2 129 191 683.85
<b>TOTAL</b>	<b>5 476 962 944.78</b>	<b>(4 425 523 570.52)</b>	<b>9 902 486 515.30</b>

*NB: Data based on Budget vs Actuals Report ran on the 3rd August 2020.*

#### **Variations and reason for non-achievement**

The municipality realized a variance of 4% against the set target due to cash flow challenges and a general drop in payment level by residential consumers and business consumer between April and June 2020. Payment trend of 75% and 70% for the second and third quarter respectively dropped down to 64% in the final quarter of the financial year and caused non-achievement of the targeted revenue.

#### **Remedial Measures**

Due to Lockdown and SALGA directive credit control could not be enforced to improve collection. Implement credit control from July 2020 as part of implementation of the financial plan.

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

KPI 10 : Percentage of 2018/2019 irregular expenditure reduced	2018/2019			2019/2020				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved

	≥ 95% compliance rate with MFMA Section 32	Irregular expenditure for 2018/2019 was not quantified	Not Achieved	50% reduction of 2018/19 Irregular Expenditure	Stamped BTO Spreadsheet	30% reduction of 2018/19 Irregular Expenditure	Cases were still under investigation	Not Achieved
<b>Comment on the achievement of the KPI and remedial measures</b>								
<p>Not Achieved</p> <p>Unauthorized expenditure of 2017/18 and 2018/19 approved by council as item 110 and 111 of Council meeting of the 30<sup>th</sup> June 2020. Regarding the Irregular Expenditure, CAE has provided BTO with a working paper for clearing irregular expenditure and that is the process currently followed to attend to the quick wins solution in reducing the balance of the irregular expenditure. Investigation on quick win is in progress and will be finalised by end of August 2020.</p> <p><b>Variances and reason for non-achievement</b></p> <p>Non-submission of responses by user directorates has delayed the submission of the 2017/18 and 2018/19 fruitless and wasteful expenditure report to the accounting officer.</p> <p><b>Remedial Measures</b></p> <p>Unauthorized expenditure for Prior 2017/18 will be submitted to Council by 31st July 2020 (delays due to lockdown).</p> <p>Fruitless and wasteful expenditure investigation report to be finalised and submitted to Council in July 2020. Delays due to Lockdown.</p> <p>Irregular Expenditure: Investigation on quick win is in progress and will be finalised by end of August 2020.</p> <p>AFS support team appointed to assist with capacity in dealing with UIFW expenditure.</p>								
<b>Municipal Strategic Objective : Implement sound and sustainable financial management and compliance controls</b>								
	<b>2018/2019</b>			<b>2019/2020</b>				

KPI 11: Audit opinion expressed by the Auditor General	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	Unqualified Audit Opinion	Qualified Audit Opinion	Not Achieved	Unqualified Audit Opinion	Auditor General's Report	-	Qualified Audit Opinion	Not Achieved
<b>Comment on the achievement of the KPI and remedial measures</b>								
<p><b>Not Achieved</b></p> <p>The Rustenburg Local Municipality received a qualified audit opinion for the 2018/2019 financial year.</p> <p><b>Variances and reason for non-achievement</b></p> <p>Inadequate internal control systems and increased non-compliances with laws and regulations was identified and key reason for the opinion.</p> <p><b>Remedial Measures</b></p> <p>Measures were put in place and to incrementally improve controls through regular review of reconciliations and interim Annual Financial Statements.</p>								

KPI 12 : Creditors payment within 30 days of signed-off invoices by user directorate/unit	2018/2019			2019/2020				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	All creditors paid within 30 days of receipt of accurate and authentic invoices	Creditors not paid within 30 days	Not Achieved	30 days	Stamped BTO Spreadsheet	-	127 days	Not Achieved
<b>Comment on the achievement of the KPI and remedial measures</b>								
<p>Not Achieved</p> <p>Creditor payment happened outside the 30 days during the financial year under review.</p> <p><b>Variations and reason for non-achievement</b></p> <p>The variance of more than 30 days was due to cash flow challenges the Municipality has experienced during the financial year.</p> <p><b>Remedial Measures</b></p> <p>Revenue collection to be improved through intensified credit control to address the cash flow challenges.</p>								

KPI 13: Maintain a current ratio of 1.5:1	2018/2019			2019/2020				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	1.5:1	0.32:1	Not Achieved	1.6:1	Stamped BTO Spreadsheet	-	0.60:1	Not Achieved
<b>Comment on the achievement of the KPI and remedial measures</b>								
<p><b>Not Achieved</b></p> <p>The targeted current ratio of 1.5:1 was not achieved.</p> <p><b>Variations and reason for non-achievement</b></p> <p>Non achievement of this ratio is directly linked to the revenue collection and cash flow position, which were not so positive. Due to the lockdown and SALGA directive, credit control measured could not be enforced.</p> <p><b>Remedial Measures</b></p> <p>The RLM will implement credit control as part of implementation of the financial improvement plan.</p>								

KPI 14: Maintaining a debt coverage ratio of above 60 days.	2018/2019			2019/2020				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	100 times	81,9 times	Not Achieved	60 days	Stamped BTO Spreadsheet	-	48 days	Not Achieved
<b>Comment on the achievement of the KPI and remedial measures</b>								
<p><b>Not Achieved</b></p> <p>The achieved ratio was 48 days against the targeted 60 days.</p> <p><b>Variances and reason for non-achievement</b></p> <p>The debt coverage ratio's underperformance was linked to revenue collection and did not do good and was worsened by the lock down</p> <p><b>Remedial Measures</b></p> <p>Improve cash flow position to made advance payment on loans to reduce debt balance.</p>								

KPI 15: Maintaining a cost coverage of between 1-3 months	2018/2019			2019/2020				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	New KPI		Not achieved	1-3 months		-	1 month	Not Achieved
<b>Comment on the achievement of the KPI and remedial measures</b>								
<p>Not Achieved</p> <p>The RLM could only achieve a cost coverage ratio of 1 month.</p> <p><b>Variations and reason for non-achievement</b></p> <p>Insufficient revenue collection to cover operational expenditure and billed on reserved.</p> <p><b>Remedial Measures</b></p> <p>To implement monitor the financial plan, to improve revenue collection and reduce monthly commitments.</p>								

KPI 16 :Percentage expenditure on capital budget	2018/2019			2019/2020				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
		67.37	Not achieved				64%	Not Achieved

**Comment on the achievement of the KPI and remedial measures**

**Not Achieved**

The expenditure of 64% was realized against the capital budget. The table below depicts the expenditure levels per funding source.

CAPITAL EXPENDITURE PER FUNDING SOURCE				
FUNDING SOURCE	FUNDING CODE	Full Year Budget	Year to Date Actual	Variance
CRR	F0002	142 257 963.00	45 066 159.81	97 191 803.19
MIG	F0791	236 559 296.46	208 335 790.25	28 223 506.21
NDPG	F0794	20 400 000.00	1 985 967.97	18 414 032.03
INEP	F0786	2 701 002.00	2 649 390.34	51 611.66
PTNG	F0796	161 978 900.00	84 556 602.41	77 422 297.59
WSIG	F0803	100 500 000.00	82 352 431.58	18 147 568.42
FMG	F1177	500 000.00	-	500 000.00

OTHER GRANTS	F09908	500 000.00	-	500 000.00
	F09911	123 191.00	530 295.33	(407 104.33)
	F09922	1 751 428.00	1 751 428.01	(0.01)
	F2198	649 194.00	389 426.31	259 767.69
	F2199	176 501.00	65 525.00	110 976.00

<b>TOTAL</b>		<b>668 097 475.46</b>	<b>427 683 017.01</b>	<b>240 414 458.45</b>
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*NB: Data based on Budget vs Actuals Report ran on the 3rd August 2020.*

**Variations and reason for non-achievement**

Delays in procurement processes worsened by the impact of lockdown on anticipated spending.

**Remedial Measures**

Implementation and monitoring of procurement plans to ensure all procurement processes are finalized by end October or earlier each year.

KPI 17: Percentage expenditure on operational budget	2018/2019			2019/2020				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	95%	38%	Not Achieved	95%	Stamped BTO Spreadsheet	-	80.8%	Not Achieved

**Comment on the achievement of the KPI and remedial measures**

**Not Achieved**

The total expenditure on operational budget was 80.8 % as opposed to the annual target of 95% initially set. The table below depicts the general ledger descriptions.

REVENUE PER CATEGORY (2019/20)			
GLCategoryDescription	Full Year Budget	Year to Date Actual	Variance
1000 - Agency Services [Revenue - Exchange Revenue	99 248 688.52	(62 705 763.66)	161 954 452.18
1100 - Interest, Dividend and Rent on Land [Revenue	445 974 920.47	(416 472 760.36)	862 447 680.83
1200 - Licenses or Permits [Revenue - Exchange Rev	288 626.57	(130 797.89)	419 424.46
1300 - Operational Revenue [Revenue - Exchange Rev	7 171 728.46	(1 244 769.93)	8 416 498.39
1400 - Rental from Fixed Assets [Revenue - Exchange	10 036 370.97	(9 431 472.37)	19 467 843.34
1500 - Sales of Goods and Rendering of Services [R	7 591 551.75	(18 270 930.72)	25 862 482.47

<b>1600 - Service Charges [Revenue - Exchange Revenue</b>	3 144 542 227.18	(2 783 495 491.48)	5 928 037 718.66
<b>2100 - Fines, Penalties and Forfeits [Revenue - No</b>	29 102.76	(11 302 915.84)	11 332 018.60
<b>2300 - Licenses or Permits [Revenue - Non-exchange</b>	-	(145 327.81)	145 327.81
<b>2400 - Property Rates [Revenue - Non-exchange Rev</b>	377 121 629.10	(378 089 755.61)	755 211 384.71
<b>3000 - Transfers and Subsidies [Revenue - Non-exch</b>	1 384 958 099.00	(744 233 584.85)	2 129 191 683.85

<b>TOTAL</b>	<b>5 476 962 945</b>	<b>(4 425 523 571)</b>	<b>80.8</b>
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**Variances and reason for non-achievement**

Delays in procurement processes worsened by the impact of lockdown on anticipated spending.

**Remedials**

KPI 18: Number of section 71 reports submitted within legislated timeframes	<u>2018/2019</u>			<u>2019/2020</u>				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	11	9	Not Achieved	12	Stamped BTO Spreadsheet	-	11	Not Achieved
<b><u>Comment on the achievement of the KPI and remedial measures</u></b>								
<b>Not Achieved</b>								
<b>Variations and reason for non-achievement</b>								
For the 2019/ 2020 financial year 11 section 71 reports were compiled and submitted national treasury and to the Executive Mayor.								
<b>Remedial Measures</b>								
The section 71 report for the month of June would be submitted outside of the financial year under review.								

KPI 19: Number of section 72 reports submitted within legislated timeframes	<u>2018/2019</u>			<u>2019/2020</u>				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	1 x Section 72 report compiled and submitted to the EM, PT	0	Not Achieved	1	Section 72 Report Council Resolution	-	1	Achieved
<b><u>Comment on the achievement of the KPI and remedial measures</u></b>								
<b>Achieved</b>								
The section 72 report was submitted within the legislated timeframes. The report served before council on the 2 March 2020.								

KPI 20: Number of section 52 reports submitted within legislated timeframes	<u>2018/2019</u>			<u>2019/2020</u>				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	New KPI	-	Not Achieved	4	Section 52 reports Council Resolution	-	3	Not Achieved

**Comment on the achievement of the KPI and remedial measures**

**Not Achieved**

**Variations and reason for non-achievement**

The first Quarter report served before Council on the 11<sup>th</sup> December 2019, per item 273.

The second quarter report served before Council on 2<sup>nd</sup> March 2020.

The third quarter was pending approval of the Top layer SDBIP which was delayed due to lockdown the amendments were approved in June and the amended scorecards were signed and performance report for the third quarter compiled and delayed service before the end of the financial year.

The 4<sup>th</sup> quarter report covers the period up to 30 June and only serves outside of the financial year under review.

**Remedials**

**(KPA 4): Local Economic Development**

KPI 21: Number of tourism activations facilitated	<u>2018/2019</u>			<u>2019/2020</u>				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	4	3	Not Achieved	4	Event attendance registers and report	2	2	Achieved
<b><u>Comment on the achievement of the KPI and remedial measures</u></b>								
<p><b>Achieved</b></p> <p>The Tourism Consultative Session were organised and held on the 08th August 2019 at Rustenburg Civic Centre.</p> <p>The Ikitse Cultural Exchange Festival was also hosted. The Annual Rustenburg Family Extravaganza was held on the 31st December 2019 in collaboration with Special Projects.</p>								

KPI 22: Number of SMMEs and Cooperatives assisted with business development support interventions	<u>2018/2019</u>			<u>2019/2020</u>				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	200	743	Achieved	250	Events attendance register Survey or Stakeholder Reports SMME Portal Reports	-	1922	Achieved
<b><u>Comment on the achievement of the KPI and remedial measures</u></b>								
<b>Achieved</b>								
<p>During the 1<sup>st</sup> quarter of the year under review a Total of 363 Cooperatives were assisted with various business development interventions listed below:</p> <ul style="list-style-type: none"> <li>• 119 Co-operatives and SMMEs attended the Boitekong Enterprise Day Session in Boitekong (on the 10th September 2019). The following stakeholders participated: CIPC, SEDA, NYDA, Productivity SA and Provincial Treasury.</li> <li>• 2 Co-operatives were assisted with registration and the two Co-operatives already have received their CR10 formal registration through the CIPC.</li> <li>• 153 SMMEs and Co-operatives visited the office on one-on- one consultation; CSD registration; general business advisory and market linkages.</li> <li>• 17 SMMEs &amp; Co-operatives were interviewed for the road upgrades project in Ward: 29.</li> <li>• 35 Informal Traders attended the Hazard control point Training.</li> </ul>								

- Appointed Sub-Contractors – 37 SMMEs.

During the 2<sup>nd</sup> quarter of the year under review a total of 1073 SMMEs and Co-operatives were assisted with various business development interventions listed below:

- 2 Co-operatives were assisted with registration.
- 60 SMMEs assisted with registration on CSD.

Access to market through subcontracting:

- Maumong, Tlapa Roads and storm water project, 3 subcontractors appointed.
- Luka ward 3 Roads and storm water project, 7 subcontractors appointed.
- Luka ward 4 Roads and storm water project, 8 subcontractors appointed.

74 SMMEs attended Automotive Mater class.

96 SMMEs attended New Industry

Development Master class

- 444 Co-operative members attended Redirela Sechaba Beneficiaries Co-operative Induction Workshop
- 51 Informal traders attended an Informal Traders Business Motivational Talk
- 75 SMMEs attended PEBEX Enterprise Development Masterclass
- 35 SMMEs attended the SABS Manufactures Workshop
- 22 SMMEs attended ABSA training on Costing and Pricing
- 196 SMMEs attended the GEW Construction Masterclass
- Total of 1 436 SMMEs and Cooperatives assisted with various business development interventions

During the 3<sup>rd</sup> quarter of the year under review a total of 211 SMMEs and co-operatives assisted with various business development interventions listed below:

- 40 SMMEs attended ISP Reseller Register.
- 110 SMMEs were assisted with CSD registration and business compliance support.
- 2 co-operatives were assisted with registrations.
- 44 SMMEs attended Supply Development workshop organised by RLM and NAFCO
- 15 enterprises assisted with access to business grant from DSBD.
- Two trainings were scheduled and cancelled due to the National disaster.

During the 4<sup>th</sup> quarter of the year under review 168 Informal Traders assisted with the application for the North West Covid Relief fund through the North West Development Corporation.

- 15 Informal Traders assisted with IMEDP through the Department of Small Business Development.
- 75 Permits for informal traders selling fruits and vegetables issued during lockdown
- 32 Informal traders assisted with Hazard Critical Control Point Training (Food Hygiene)
- 52 SMMEs and co-operatives attended training to start a farming business (group 1 and 2)
- 15 SMMEs and co-operatives attended training to start a farming business (group 3)
- 7 SMMEs subcontracted at Impala Kutlwanong Road (Ward 38)
- 7 SMMEs were subcontracted at Impala Freedom Park Road (Ward 24)
- 31 SMMEs were subcontracted at the Rustenburg Mall Project

KPI 23: Number of jobs created through municipality's Local Economic Development initiatives including capital projects	<u>2018/2019</u>			<u>2019/2020</u>				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	500	1662	Achieved	600	List of employed people with identity numbers	-	1384	Achieved
<b><u>Comment on the achievement of the KPI and remedial measures</u></b>								
<p><b>Achieved</b></p> <p>A total of 1384 jobs were created</p> <ul style="list-style-type: none"> <li>• 148 jobs created through Impala SLP projects</li> <li>• 26 jobs created through RRT projects</li> <li>• 509 work opportunities have been created through the Rustenburg Mall Construction.</li> <li>• 620 people employed through RLM infrastructure projects.</li> </ul>								

<b>Strategic Objective: Establish and maintain effective stakeholders relations in support of local economic development programmes</b>								
KPI 24: Number of partnerships established for Local Economic Development Interventions	<u>2018/2019</u>			<u>2019/2020</u>				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	2 x partnership Agreements facilitated for Local Economic Development	3 x partnerships	Achieved	2	MOU/MOA/SLAs	-	2	Achieved
<b><u>Comment on the achievement of the KPI and remedial measures</u></b>								
<p><b>Achieved</b></p> <p>The Municipality has established two partnerships for local Economic Development interventions as follows:</p> <ul style="list-style-type: none"> <li>• The MOU between Rustenburg Local Municipality (RLM) and Small Enterprise Development Agency (SEDA) was approved by Council resolution of (Item number 229) on the 26<sup>th</sup> November 2019 and was signed on the 18th June 2020.</li> <li>• Council also approved a Memorandum of Understanding between the Rustenburg Local Municipality and Statistics South Africa.</li> </ul>								

**MUNICIPAL STRATEGIC PRIORITY: Transform and maintain a vibrant and sustainable rural development**

**Strategic Objective: Create a conducive local business environment that supports rural economic development**

KPI 25: Number of agricultural projects supported	2018/2019			2019/2020				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	5 agricultural projects supported through Agricultural Support Programme	5 agricultural projects	Achieved	10	Projects report Attendance Register	7	17	Achieved

**Comment on the achievement of the KPI and remedial measures**

Achieved  
 A total of seventeen (17) farms have been recommended for support through the Agricultural Support Programme during the year under review. Additional initiatives include the various meetings and workshops/Trainings (Dorper Sheep training, Agricultural Development Support Programme Technical Committee Meeting;  
 - Organised the launching of the ADSP.  
 -Attended the South African Agricultural Trade Show in Bothaville.

<b>5. Key Performance Area (KPA5): Basic Services and Infrastructure Development</b>								
MUNICIPAL STRATEGIC PRIORITY : Develop and sustain a spatial, natural and built environment								
Municipal Strategic Objective: Accelerated delivery and maintenance of quality basic and essential services to all communities								
KPI 26: Percentage of budget spent on maintenance of infrastructure	<u>2018/2019</u>			<u>2019/2020</u>				
	<b>Original Target</b>	<b>Actual Performance</b>	<b>Achieved/ Not Achieved</b>	<b>Original Annual Target</b>	<b>Portfolio of Evidence</b>	<b>Revised Annual Target</b>	<b>Actual Performance</b>	<b>Achieved/ Not Achieved</b>
	New KPI	-	-	95%	Stamped BTO Spreadsheet	8% of asset value	111%	Not Achieved
<b>Comment on the achievement of the KPI and remedial measures</b>								
<p>Not Achieved</p> <p>The total budget for maintenance was R70 130 953.08 and the total expenditure was 77 831 236.50 translating to 111% expenditure on maintenance of infrastructure.</p> <p><b>Variances and reason for non-achievement</b></p> <p>The budget that was approved for the 3 services was far lesser than the guideline of the 8%.</p> <p>The total value of assets according to the 2018/2019 assets register:</p> <ul style="list-style-type: none"> <li>• Electricity R718m,</li> <li>• Water R463m,</li> <li>• Sanitation R464m</li> </ul>								

The budget need according the 8% proportion was supposed to be:

- Electricity for R57.4,
- Water R37m and
- Sanitation R37.1

Due to the fact that there were no controls in the financial system to block over expenditure, the Unit over spent.

**Remedial Measures**

Increase the budget.

KPI 27: % of complaints attended to.	2018/2019			2019/2020				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	30%	46.54%	Not Achieved	50%	Water Losses Report	-	95%	Achieved
<b>Comment on the achievement of the KPI and remedial measures</b>								
Detail	Water		Sanitation		Electrical			
Total of complaints received	3721		1831		4009			
Total of closed complaints	3330		1819		3866			
Percentage	89%		99.30%		96.40%			
Average	95%							

KPI 28: % Households earning less than R3 400 per month with access to free basic services.	2018/2019			2019/2020				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	30 000 registered indigents	4700	Not Achieved	90%	Indigent Register	-	88%	Not Achieved

**Comment on the achievement of the KPI and remedial measures**

Not Achieved

The number of households having access to free basic services 5274 while the targeted figure was 6000, this translates to 88%.

**Variations and reason for non-achievement**

Most of the targeted outreach for indigents registrations for the 4<sup>th</sup> quarter could not be implemented due to change focus on the war room. The period of the lockdown restricted movement and further made it difficult to register additional indigents.

**Remedial Measures**

The updating of elderly recipients need to be linked with the home affairs system to ensure automatic updates in future since their status remains the same.

KPI 29: % compliance to water quality as per South African National Standards	<u>2018/2019</u>			<u>2019/2020</u>				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	New KPI	-	-	100%	Signed Water Quality Report	100% per quarter	100%	Achieved
<b>Comment on the achievement of the KPI and remedial measures</b>								
<p>Achieved</p> <p>The municipality is compliant to the water quality as per South African National Standards.</p>								

KPI 30: % Reduction of Non-Revenue Water Losses	2018/2019			2019/2020				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	30%	46.54%	Not Achieved	5%	Water Losses Report	-	3.67%	Not Achieved
<b>Comment on the achievement of the KPI and remedial measures</b>								
<p>Not Achieved</p> <p><b>Variances and reason for non-achievement</b></p> <p>The baseline for water losses as at the end of the previous financial year (2018/2019) was at 49%. The target for the year under review was to achieve 5 % reduction. As at the end of the financial year, losses of non-revenue water was registered at 45.33 which translated to 3.67%</p> <p><b>Remedials</b></p>								

KPI 31: Number of MIG funded Water projects implemented	2018/2019			2019/2020																				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved																
	New KPI	-	-		Allocation Letters	3	3	Achieved																
<b>Comment on the achievement of the KPI and remedial measures</b>																								
<p>Achieved</p> <p>The following 3 MIG funded Water projects were implemented during the year under review:</p> <table border="1"> <thead> <tr> <th>NO</th> <th>Name of the projects</th> <th>Budget</th> <th>% completion of the projects</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Upgrading &amp; Extension of the Bospoort water Treatment Plant</td> <td>R 11 268 867.09</td> <td>90%</td> </tr> <tr> <td>2</td> <td>Refurbishment of Bulk Line &amp; Tlhabane Water AC replacement- Section A</td> <td>R 4 926 933.75</td> <td>71%</td> </tr> <tr> <td>3</td> <td>Refurbishment of Bulk Line &amp; Tlhabane Water AC replacement- Section B</td> <td>R 4 926 933.75</td> <td>100%</td> </tr> </tbody> </table>									NO	Name of the projects	Budget	% completion of the projects	1	Upgrading & Extension of the Bospoort water Treatment Plant	R 11 268 867.09	90%	2	Refurbishment of Bulk Line & Tlhabane Water AC replacement- Section A	R 4 926 933.75	71%	3	Refurbishment of Bulk Line & Tlhabane Water AC replacement- Section B	R 4 926 933.75	100%
NO	Name of the projects	Budget	% completion of the projects																					
1	Upgrading & Extension of the Bospoort water Treatment Plant	R 11 268 867.09	90%																					
2	Refurbishment of Bulk Line & Tlhabane Water AC replacement- Section A	R 4 926 933.75	71%																					
3	Refurbishment of Bulk Line & Tlhabane Water AC replacement- Section B	R 4 926 933.75	100%																					

KPI 32: No. of awareness campaigns on water saving conducted	2018/2019			2019/2020				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	New KPI	-	-	5	Copies of Attendance Registers		4	Not Achieved
<b>Comment on the achievement of the KPI and remedial measures</b>								
<p><b>Not Achieved</b> 4 Awareness campaigns were conducted.</p> <p><b>Remedials</b></p>								
KPI 33: No of operations to illegal connections removed (water)	2018/2019			2019/2020				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	New KPI	-	-	5	Illegal Connections Report	-	9	Achieved
<b>Comment on the achievement of the KPI and remedial measures</b>								
<p>Achieved</p> <p>The Municipality conducted 9 operations where illegal water connections were removed.</p>								

KPI 34: Number of MIG funded Sanitation Projects implemented	2018/2019			2019/2020				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	New KPI	-	-	3	Approved Allocation letters from MIG	-	3	Achieved

**Comment on the achievement of the KPI and remedial measures**

Achieved

5 Sanitations projects were implemented. Budget: R126m

NO	Name of the projects	Budget	% completion of the projects
1	Upgrading of the Western Bulk Sewer Lines	R 10 753 566.59	100%
2	Replacement of Tlhabane AC Sewer Bulk Line- Section A	R 5 805 393.61	79%
3	Replacement of Tlhabane AC Sewer Bulk Line- Section B	R 5 805 393.61	83%
4	Lethabong Internal Sewer Reticulation and Toilet Structures- Ward 27	R 10 843 227.23	100%
5	Lethabong Internal Sewer Reticulation and Toilet Structures- Ward 28	R 10 843 227.23	100%

KPI 35: Number of permits issued for effluent monitoring compliance	2018/2019			2019/2020				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	New KPI	-	-	100%	Copies of Permits	50	50	Achieved

**Comment on the achievement of the KPI and remedial measures**

Achieved

50 permits were issued.

The effluent monitoring program is intended to reduce the amount of fat that is disposed into the municipal sewer collection system since fat disposal contributes to the following:

- Reduced capacity of the municipal sewer collection system as it coats and clogs the pipes with fat layers.
- Blockages which contributes to sewer spillages, leading to contamination of water resources.
- Reduced inflow to the wastewater treatment plant.
- Reduced efficiency of the Wastewater treatment works as the quality of the effluent produced is influenced by the FOG content.
- Increased treatment and maintenance costs.

The Industrial Effluent discharge permits are then used to regulate these establishments by issuing permits only to establishments that comply with Water Services Bylaw and to those who do not comply are issued with contravention notices and final contravention notices. If noncompliance persists the establishments are

issued with fines. This initiative encourages establishments to comply with the bylaw and to also have pre-treatment facilities installed to subject their effluent to pre-treatment prior to disposing into the municipal sewer collection system. The pre-treatment process was conducted mainly for purposes listed below.

- To reduce the FOG content in the effluent and to meet the quality standards prescribed by the municipality.
- To comply with the municipal bylaws, permit conditions, license conditions, National Water Act, and other relevant legislation (i.e. green drop since bylaw enforcements is one of the bylaw requirements and accounts for 5%).
- To prevent sewer blockages and spillages triggered by fat blockages
- To improve the water quality disposed for treatment and different treatment processes at the Rustenburg Wastewater Treatment Works.

To limit the use of potable water by the mines using recycled effluent from the RLM, this is because of the 24MI/d of purified effluent sold to the mines have to be of stringent water quality standard with no FOG content.

KPI 36: Number of awareness campaigns on sanitation use conducted	2018/2019			2019/2020				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	New KPI	-	-	5	Copies of Attendance Registers		4	Not Achieved

**Comment on the achievement of the KPI and remedial measures**

**Not Achieved**

**Variations and reason for non-achievement**

4 water awareness campaigns were conducted. The campaigns were conducted on the following dates:

- 08 June 2020
- 12 June 2020
- 17 June 2020
- 23 June 2020

**Remedial Measures**

Online application software and billboards in town were utilized during Covid-19 lockdown. Masked with saving water slogans (Metsi A Rona).

KPI 37: Number of Community Lighting Projects Implemented.	2018/2019			2019/2020				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	New KPI	-	-	2	Approved allocation letters from MIG		7	Achieved

**Comment on the achievement of the KPI and remedial measures**

**Achieved**

Allocation was divided in 7 different projects. 24 High mast lights were installed in 7 different wards

- Ward 3: 2 high mast lights
- Ward 7: 4 high mast lights
- Ward 22: 2 high mast lights
- Ward 34: 4 high mast lights
- Ward 35: 4 high mast lights
- Ward 44:4 high mast lights
- Ward 45:4 high mast lights

KPI 38: Number of INEP funded Projects implemented	2018/2019			2019/2020				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	New KPI	-	-	2	Allocation Letter	-	0	Not Achieved

**Not Achieved**

2 Projects implemented at Dinnie Estates

Projects were at 38% status on households and 5% on bulk supply line.

- Projects could not complete due to COVID 19 impact (Suppliers were closed)

**Variance and Reasons for non-achievement**

- Projects could not complete due to COVID 19 impact (Suppliers were closed)
- The appointment of the contractor occurred very late in the financial year due the delayed procurement process

**Remedials**

KPI 39: Number of operations to illegal connections removed (electrical)	2018/2019			2019/2020				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	New KPI	-	-	2	Operations Report	-	6	Achieved
<b>Comment on the achievement of the KPI and remedial measures</b>								
<p>Achieved</p> <p>6 operations on illegal connections were carried out and 50 illegal connections were removed at Zinniaville/Karlien, Collins street.</p>								

KPI 40 : Appointment of service provider to install 33kV Supervisory Control and Data Acquisition (SCADA) by June 2020	2018/2019			2019/2020				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	New KPI	-	-	Appointment letter of Service Provider	Appointment letter of Service Provider	New	No appointment letter of Service Provider	Not Achieved
<b>Comment on the achievement of the KPI and remedial measures</b>								
<p><b>Not Achieved</b></p> <p><b>Variances and reason for non-achievement</b></p> <p>The budgeted amount was not sufficient to complete the project.</p> <p><b>Remedial Measures</b></p> <p>The project was differed to 2020/2021 Financial year for implementation.</p>								

MUNICIPAL STRATEGIC PRIORITY : Develop and sustain a spatial, natural and built environment								
Municipal Strategic Objective: Improved Public Transport Infrastructure and Services								
KPI 41: Number of Stations completed for the integrated public transport system	2018/2019			2019/2020				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	New	-	-	4	Completion Certificate	-	2	Not Achieved
Comment on the achievement of the KPI and remedial measures								
<p>Practical completion of 2 stations by 30 June 2020 achieved.</p> <p><b>Variations and reason for non-achievement</b></p> <p>The additional two targeted stations could not be completed due to delays caused by community unrests and lockdown regulations.</p> <p><b>Remedial Measures</b></p> <p>Further practical of 4 stations is anticipated by 30 Oct 2020 since construction continued. Approval from insurance received to rebuild collapsed station. R104. Construction to re-start in 2020/2021 Financial year.</p>								

KPI 42: KMs of new roads constructed	2018/2019			2019/2020				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	40 x km of roads upgraded and maintained	34.05 km for blading and resurfacing of gravel roads and 40km of road marking	Achieved	10km	Completion Certificate	-	26.6km	Achieved

**Comment on the achievement of the KPI and remedial measures**

RLM achieved a total of 26.6km of roads constructed during the financial year under review. The breakdown is depicted in the table below:

Ward 18(Meriting)	Meriting Roads & Stormwater Ward 18 Phase 4	3 km	Construction 100%
	Meriting Roads and Stormwater	1,7 km	
	Sunrise Roads and Stormwater	1,3 km	
Ward 19(Boitekong)	Boitekong Ward 19 Roads And Stormwater Drainage Phase 6	4 km	Construction 99%
	Ga_Luka Ward 3 Roads and Stormwater	2 km	
	Ga_Luka Ward 4 Roads and Stormwater	2 km	
Ward 1(Phatsima)	Phatsima Roads And Stormwater Drainage Phase 5	4 km	Construction 100%
	Phatsima Roads and Stormwater	2,3 km	

	Mathopestad Roads and Stormwater	1,7 km	
<b>Ward 23(Kanana)</b>	<b>Upgrading and Construction of Internal Access Roads in Kanana Phase 4</b>	<b>1.5 km</b>	<b>Construction 100%</b>
<b>Ward 22(Boitekong)</b>	<b>Boitekong Ward 22 Roads And Stormwater Drainage Phase 6</b>	<b>8,6 km</b>	<b>Construction 100%</b>
	Construction Boitekong Roads and Stormwater in Ward 20	1,75 km	
	Construction Boitekong Roads and Stormwater in Ward 21	2 km	
	Construction Boitekong Roads and Stormwater in Ward 40	2 km	
	Construction of Roads and Stormwater in Phokeng Ward 5	1,532 km	
	Construction of Roads and Storm water in Phokeng Ward 6	1,321 km	
<b>Ward 31(Marikana)</b>	<b>Marikana Roads &amp; Stormwater Drainage Phase 5</b>	<b>5,5 Km</b>	<b>Construction 100%</b>
	Rankelenyane Mabitse Roads and Stormwater	1,5 km	
	RDP Tlapa Roads and Stormwater	2 km	
	Tlapa Maumong Roads and Storm	2 km	
<b>TOTAL</b>		<b>26.6 KM</b>	<b>99.99%</b>

<b>MUNICIPAL STRATEGIC PRIORITY: Maintain a safe, healthy and socially cohesive environment for all</b>								
<b>Municipal Strategic Objective: Explore alternative eco-friendly and conservation interventions to preserve the environment</b>								
KPI 43: Percentage of formal houses on the valuation roll provided with a weekly solid waste removal service	<b>2018/2019</b>			<b>2019/2020</b>				
	<b>Original Target</b>	<b>Actual Performance</b>	<b>Achieved/ Not Achieved</b>	<b>Original Annual Target</b>	<b>Portfolio of Evidence</b>	<b>Revised Annual Target</b>	<b>Actual Performance</b>	<b>Achieved/ Not Achieved</b>
	≥93 264 x households in formal areas with access to refuse removal service	102 949 households provided with weekly solid waste removal service	Achieved	100%	Valuation Roll  Consolidated Weekly Schedule	New	113%	Achieved
<b>Comment on the achievement of the KPI and remedial measures</b>								
<p>Achieved</p> <p>106 667 households = 10.2 % more. Some of the households serviced are not yet on the Municipal valuation roll. The properties not appearing in the valuation roll shall be included to ensure billing is done for all services rendered and revenue collection is enhanced.</p>								

KPI 44: Number of new recycling initiatives undertaken within RLM by 30 June 2020	2018/2019			2019/2020				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	Number of waste drop-off facilities constructed within RLM by 30 June 2019	1	Achieved	1	Report on recycling initiatives undertaken	-	1	Achieved
<b>Comment on the achievement of the KPI and remedial measures</b>								
<p>Achieved</p> <p>Strumosa Drop off site started operating in June 2019 and was operational throughout the year under review. Recycling Group Training Undertaken in March 2020.</p>								

<b>6. Key Performance Area (KPA 6): Spatial Rationale – Develop and Sustain a Spatial, Natural and Built Environment</b>								
<b>MUNICIPAL STRATEGIC PRIORITY: Efficient provision of quality basic services and infrastructure within a well-planned spatial structure</b>								
<b>Municipal Strategic Objective: Improved service delivery through provision of quality, reliable and cost-effective infrastructure based on integrated spatial planning</b>								
KPI 45: Number of townships formalized	<b>2018/2019</b>			<b>2019/2020</b>				
	<b>Original Target</b>	<b>Actual Performance</b>	<b>Achieved/ Not Achieved</b>	<b>Original Annual Target</b>	<b>Portfolio of Evidence</b>	<b>Revised Annual Target</b>	<b>Actual Performance</b>	<b>Achieved/ Not Achieved</b>
	New KPI	-	-	1	Formalization Application	-	1	Achieved
<b>Comment on the achievement of the KPI and remedial measures</b>								
<p>Achieved</p> <p>Application for formalization of various erven in Boitekong Extension 2 &amp; 8 was submitted in November 2019 to the unit development planning. Number of stands for Boitekong Extension 2 &amp; 8 were 635 residential stands.</p>								

KPI 46: Number of campaigns to improve compliance rate of the Land Use Management Scheme.	2018/2019			2019/2020				
	Original Target	Actual Performance	Achieved/ Not Achieved	Original Annual Target	Portfolio of Evidence	Revised Annual Target	Actual Performance	Achieved/ Not Achieved
	New KPI	-	-	Campaigns in 10 wards	Land Use Management Scheme awareness pamphlet and attendance register	-	0	Not Achieved
<b>Comment on the achievement of the KPI and remedial measures</b>								
<p>Not Achieved</p> <p>The campaigns to improve compliance rate of the Land Use Management Scheme were not conducted for the year under review.</p> <p><b>Variations and reason for non-achievement.</b></p> <p>The awareness campaigns were not undertaken although the inspections were carried out by town planning inspectors and town planners.</p> <p><b>Remedial Measures</b></p> <p>Improvement of the land use scheme compliance continues even without the campaigns.</p>								

### 3.28.2 ASSESSMENT OF PERFORMANCE OF SERVICE PROVIDERS

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENT- CEMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								Yes	No	Yes	No	
1	RLM/DPHS/0094/2016/17	NE Town Planning	Land Use Scheme	R 1635000.00	R1 275 000.00	6-May-2019	8-Jun-20	Yes		Yes		Under going for public participation
2	RLM/DPHS/0094/2016/17	Mok Development	Industrial Hub Township	R 4 216000.00	R1 196 000.00	10-Ap-2018	4-Oct-20	Yes		Yes		Objection received
3	RLM/DPHS/0097/2016/17	Elalini Surveys	Formalisation of Boitekong 2 and 8	R4216000.00	R2 469 500.00	30-Jul-18	30-Jul-20	Yes		Yes		Layout submitted to directors office
4	RLMM/DPHS/009/7/2016/17	Reneilwe Consulting Planners	Feasibility Study Of Ptn 48 Farm Rietvlei 271 JQ	R4216000.00	R165000.00	26-Sep-19	26-Sep-19	Yes		Yes		Report Submitted (Project completed)
5	RLM/DPHS/009/7/2016/17	Reneilwe Consulting Planners	Feasibility Study Of Ptn 69,70 And 71 Of The Farm Paardekraal 279 JQ	R4216000.00	R165 000 00	26-Sep-19	26-Dec-19	Yes		Yes		Report Submitted (project completed)
6	RLM/DPHS/009/7/2016/17	NE Town Planning	Feasibility Study Of Ptn 5976,7121,5968,6178,586 2,6863 Of The Farm Paardekraal 279 JQ	R4216000.00	R174 800 00	10-Feb-2019	1-Feb-2020	Yes		Yes		Report Submitted (PROJECT Completed)
7	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-2021	Yes		Yes		Functional
8	RLM/DCSS/0026/2019/20	MASHCORP200 8-CTECG JV	IT Network services and maintenance support	R 15 090 300	R 15 090 300	17-Mar-20	31-Mar-2023	Yes		Yes		Functional

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENT- CEMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								Yes	No	Yes	No	
9	RLM/DTIS/0024/2017/18	NJR Projects (Pty) Ltd	Construction of Rustenburg Rapid Transport Superstructures	R 193 100 000	R 193 100 000	20-Sep-18	30-Apr-2021	Yes		Yes		Contract is appointed to build RRT stations – contract is due for completion in April 2021. Contract delayed by National Disaster Regulations however a fast-track programme is being implemented. Overall 40% completion by end of June 2020
10	RLM/DTIS/0024/2017/18	Drop Dot (Pty) Ltd	Project Supervision and Design for Construction of Rustenburg Rapid Transport Superstructures	R 25 544 193	R 25 544 193	11-Dec-18	30-Apr-2021	Yes		Yes		Overall 40% completion – project completion anticipated in April 2020. 40% overall completion in by June 2020
11	RLM/DRT/0014/2019/20	Drop Dot (Pty) Ltd	Design and Construction Supervision for Bus Depot and Layover Facility	R 35 852 240	R 35 852 240	4-Jun-20	3-May-2023	Yes		Yes		Project is 10% complete. Stage 2 Designs approved by June 2020
12	Council Resolution	TNF 9 (Pty) Ltd	Taxi Negotiation Forum	R 4 890 00	R 4 890 00	1-Jul-19	30-Jun-2020	Yes		Yes		Various agreements concluded between affected taxi associations – Bus Procurement Agreement
13	MFMA Section 67 Appointment	Rustenburg Transit (pty) LTD	Bus Operating Company	R 15 000 000	R 15 000 000	1-Jul-19	30-Jun-2020	Yes		Yes		10 Buses procured by the Bus Operating Company to operate the RRT system

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENT- CEMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								Yes	No	Yes	No	
14	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
15	RLM/DRT/0047/2018/19	PB Productions	Supply Cold premix			4-Sep-19	4-Sep-2022	Yes		Yes		Supply of material as when required (per order) of tar patching material and speed humps
16	RLM/BTO/0035/2017/18	Hlokomela Trading and Projects	Supply roads markings and paints			23-May-18	22-May-2021	Yes		Yes		Supply of paint as and when required (per order) for road marking
17	RLM/DCD/0062/2018/19	Jeezy-T Construction & Projects	Waste Collection	R38 400 000	R38 400 000	1-May-20	Month to month until the finalization of Wet Waste Tender	Yes		Yes		Project running on month-to-month basis
18	RLM/DCD/0062/2018/19	Sethanye Trading & Projects	Waste Collection			1-May-20	Month to month until the finalization of Wet Waste Tender	Yes		Yes		Project running on month-to-month basis
19	RLM/DCD/0062/2018/19	Losaba Services	Waste Collection			1-May-20	Month to month until the finalization of	Yes		Yes		Project running on month-to-month basis

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENT- CEMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								Yes	No	Yes	No	
							Wet Waste Tender					
20	RLM/DCD/0062/2018/19	Katlego Baphiring Trading Enterprise Cc	Waste Collection			1-May-20	Month to month until the finalization of Wet Waste Tender	Yes		Yes		Project running on month-to-month basis
21	RLM/DTIS/0024/2017/18 Appointment of a panel of Consulting Engineers for various municipal infrastructure and building projects for a period of three years as and when required	Diges group CC	Provision of professional Engineering services for the extension of Boitekong Community Library	R150,000.00	R150,000.00	20-Feb-19	30 November 2020 As above	Yes		Yes		Project running on month-to-month basis  Project currently at roof level (85% progress registered)
22	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	940,341.60 EXC. VAT  (5,918.59 x 4 PER MONTH FOR MPHENI) AND (2,444.80 x 1 PER MONTH FOR WASTE DEPARTMENT )	1-Jun-19	31-May-22	Yes		Yes		GOOD
23	ORDER NO: A00002793			21 210.60	21 210.60	1-Feb-20	31-Jan-21		No		No	7-day quotation

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENCEMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								Yes	No	Yes	No	
		BIDVEST STEINER	MAINTENANCE OF SANITARY BINS									The service is satisfactory
24	QU/DCD/0113/2019/20	Kabelo monong trading and projects PTY LTD	OFFICE RENOVATIONS AT PHOKENG LIBRARY	R113 063.50	R113 063.50	4-Jun-20	4-Jul-20	Yes		Yes		The project was successfully completed
25	RE-ADVERT - QU/DCD/0115/2019/20	Mophiring engineering supplies	REPLACE AIR CONDITIONERS IN IT SERVER ROOMS MPHENI HOUSE	R178 000.00	R178 000.00	26-Jun-20	6-Jul-20	Yes		Yes		The project was successfully completed.  Continuous service of the machines will take place within the warranty period
26	RE-ADVERT) QU/DCD/0045/2019/22	Centrotech	INVESTIGATION IF ALL EQUIPMENT IS ABLE TO RUN ON THE HVAC AND BUILDING MANAGEMENT SYSTEM AT MPHENI HOUSE AND RUSTENBURG CIVIC CENTRE	R120 000. 00	R120 000. 00	1-Oct-19	30-Nov-19	Yes		Yes		The project was successfully completed.
27	DCD/0003/2019/20	MATSHOGAME CONSTRUCTION & PROJECTS	REFURBISHMENT OF B TAUSE HALL	R 184 350.00	R 184 350.00	3-Feb-20	25-Feb-20	Yes		Yes		The project was successfully completed.
28	DCD/0083/2019/20	Kabelo monong trading and	The Refurbishment of Marikana community library	R 107 840.00	R 107 840.00	16-Dec-19	29-Jan-20	Yes		Yes		The project was successfully completed.

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENT- CEMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								Yes	No	Yes	No	
		projects (PTY) LTD										
29	REQ05792	L Thabo PTY LTD	Supply and install safety trelidoor at the basement flood tunnel	R 19 500.00	R 19 500.00	17-Aug-20	19-Aug-20	Yes		Yes		The project was successfully completed.
30	DCD/0005/2019/20	Tsholanang Lethabile (PTY)LTD	Replacement of sewer pipe at meriting community hall	R 69 409.80	R 69 409.80	Nov-19	3-Feb-20	Yes		Yes		The project was successfully completed.
31	DCD/0001/2019/20	Paballo multitech solution	Refurbishment of Ikageng RCC	R 225 270.00	R 225 270.00	25-Nov-19	10-Jun-20	Yes		Yes		The project was successfully completed.
32	A00002267	Esadi holdings	Repair broken aluminum lift door at 8th floor	R13 000.00	R13 000.00	24-Nov-19	24-Nov-19	Yes		Yes		The project was successfully completed.
33	A00002122	Dynamic Investment Holding	Install Security Trelidoor T700 at First floor	R 26 904.55	R 26 904.55	2-Oct-19	2-Oct-19	Yes		Yes		The project was successfully completed.
34	A00003148	Sharike Holdings	Fumigation and spraying against, spiders and other crawler at Mpheni Building	R 27 000.00	R 27 000.00	30-Apr-20	7-May-20	Yes		Yes		Satisfactory
35	A00003147	Sharike Holdings	Disinfectant by means of mist at Mpheni Building	R 22 000.00	R 22 000.00	30-Apr-20	4-May-20	Yes		Yes		Satisfactory

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENCEMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								Yes	No	Yes	No	
36	RLM/DTIS/0060/2016/17	Mmege Construction and Projects	Maumong - Water supply Phase 2 - Construction of 5300 water reticulation and 1.045 steel storage tank	R7,997,791.41	R7,997,791.41	17-Feb-17	17-Feb-20	Yes		Yes		The project was successfully completed.
37	RLM/DTIS/0061/2016/17	Khum MK JV Elev8 Projects	Upgrading and Refurbishment of Mathopestad rural water supply scheme - Phase 2	R6,759,212.69	R6,759,212.69	27-Mar-17	27-Mar-20	Yes		Yes		The project was successfully completed.
38	RLM/DTIS/0059/2016/17	Mmege Construction and Projects	Lekgalong - Water supply project - Phase 3	R8,058,865.94	R8,058,865.94	27-Mar-17	27-Mar-20			Yes		The project was successfully completed.
39	RLM/DTIS/0027/2016/17	Lekgathiso Construction Projects	Re-advert: Supply and installation of Ward 2 VIP toilets Phase 4 (Macharora)	R3,895,551.00	R3,895,551.00	21-Sep-17	21-Sep-20		No	Yes		The project was successfully completed.
40	RLM/DTIS/0024/2017/18	Endecon Ubuntu (Pty) Ltd	Appointment of a panel of consulting engineers for various municipal infrastructure and building projects for a period of three years as and when required	R468,274.88	R468,274.88	19-Oct-17	18-Oct-22			Yes		The project was successfully completed.
41	RLM/DTIS/0024/2017/18	Drop Dot (Pty) Ltd	Appointment of a panel of consulting engineers for various municipal infrastructure and building projects for a period of	R544,400.00	R544,400.00	13-Oct-17	10-Dec-20	Yes		Yes		Delivery as and when required

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENCEMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								Yes	No	Yes	No	
			three years as and when required									
42	RLM/DTIS/0024/2017/18	Eyesiswe Engineering Consultants	Appointment of a panel of consulting engineers for various municipal infrastructure and building projects for a period of three years as and when required	R481,547.00	R481,547.00	19-Oct-17	18-Oct-20		No	Yes		Delivery as and when required
43	RLM/DTIS/0024/2017/18	Dionetix (Pty) Ltd	Appointment of a panel of consulting engineers for various municipal infrastructure and building projects for a period of three years as and when required	R1,256,691.00	R1,256,691.00	19-Oct-17	18-Oct-20	Yes		Yes		Delivery as and when required
44	RLM/DTIS/0024/2017/18	Diges Group CC	Appointment of a panel of consulting engineers for various municipal infrastructure and building projects for a period of three years as and when required	R3,947,000.00	R3,947,000.00	13-Oct-17	10-Dec-20		No	Yes		Delivery as and when required

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENT- CEMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								Yes	No	Yes	No	
45	RLM/DTIS/0024/2017/18	Calliper Consulting Engineer (Pty) Ltd	Appointment of a panel of consulting engineers for various municipal infrastructure and building projects for a period of three years as and when required	Rates	Rates	13-Oct-17	10-Dec-20					Delivery as and when required
46	RLM/DTIS/0024/2017/18	Risimati Consulting Engineer (Pty) Ltd	Appointment of a panel of consulting engineers for various municipal infrastructure and building projects for a period of three years as and when required	R469,059.60	R469,059.60	13-Oct-17	10-Dec-20	Yes		Yes		Delivery as and when required
47	RLM/DTIS/0024/2017/18	FMA Engineers (Pty) Ltd	Appointment of a panel of consulting engineers for various municipal infrastructure and building projects for a period of three years as and when required	R11,228,880.00	R11,228,880.00	13-Oct-17	10-Dec-20	Yes		Yes		Delivery as and when required
48	RLM/DTIS/0024/2017/18	Nevhotalu Consulting Engineer	Appointment of a panel of consulting engineers for various municipal infrastructure and building projects for a period of three years as and when required	R468,535.44	R468,535.44	19-Oct-17	18-Oct-20		No	Yes		Delivery as and when required

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENT- CEMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								Yes	No	Yes	No	
49	RLM/DTIS/0024/2017/18	Gibb (Pty) Ltd	Appointment of a panel of consulting engineers for various municipal infrastructure and building projects for a period of three years as and when required	R469,839.60	R469,839.60	13-Oct-17	10-Dec-20		No	Yes		Delivery as and when required
50	RLM/DTIS/0024/2017/18	MR Consulting	Appointment of a panel of consulting engineers for various municipal infrastructure and building projects for a period of three years as and when required	R499,570.80	R499,570.80	19-Oct-17	18-Oct-20	Yes		Yes		Delivery as and when required
51	RLM/DTIS/0024/2017/18	Lotshephe Development Engineer CC	Appointment of a panel of consulting engineers for various municipal infrastructure and building projects for a period of three years as and when required	Rates	Rates	13-Oct-17	10-Dec-20	Yes		Yes		Delivery as and when required
52	RLM/DTIS/0024/2017/18	Ziyanda Consulting CC	Appointment of a panel of consulting engineers for various municipal infrastructure and building projects for a period of three years as and when required	Rates	Rates	19-Oct-17	18-Oct-20	Yes		Yes		Delivery as and when required

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENT- CEMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								Yes	No	Yes	No	
53	RLM/DTIS/0024/2017/18	Ralema Consulting Engineers	Appointment of a panel of consulting engineers for various municipal infrastructure and building projects for a period of three years as and when required	R1,502,000.00	R1,502,000.00	13-Oct-17	10-Dec-20	Yes		Yes		Delivery as and when required
54	RLM/DTIS/0024/2017/18	Aseda Consulting Engineers (Pty) Ltd	Appointment of a panel of consulting engineers for various municipal infrastructure and building projects for a period of three years as and when required	R510,000.00	R510,000.00	13-Oct-17	10-Dec-20		No	Yes		Delivery as and when required
55	RLM/DTIS/0024/2017/18	Zakumi Consulting Engineers (Pty) Ltd	Appointment of a panel of consulting engineers for various municipal infrastructure and building projects for a period of three years as and when required	R481,791.30	R481,791.30	13-Oct-17	10-Dec-20	Yes		Yes		Delivery as and when required
56	RLM/DTIS/0024/2017/18	Masututsa Consulting (Pty) Ltd	Appointment of a panel of consulting engineers for various municipal infrastructure and building projects for a period of three years as and when required	2,189,497.71	2,189,497.71	19-Oct-17	18-Oct-20		No	Yes		Delivery as and when required

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENCEMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								Yes	No	Yes	No	
57	RLM/DTIS/0024/2017/18	Munyai Malaka Engineers (Pty) Ltd	Appointment of a panel of consulting engineers for various municipal infrastructure and building projects for a period of three years as and when required	5,549,684.21	5,549,684.21	13-Oct-17	10-Dec-20		No	Yes		Delivery as and when required
58	RLM/DTIS/0024/2017/18	Tumber Fourie Consulting Engineers (Pty) Ltd	Appointment of a panel of consulting engineers for various municipal infrastructure and building projects for a period of three years as and when required	Price Per Rate	Price Per Rate	19-Oct-17	18-Oct-20		No	Yes		Delivery as and when required
59	RLM/DTIS/0024/2017/18	Basumi Engineering and Sheg Solutions (Pty) Ltd	Appointment of a panel of consulting engineers for various municipal infrastructure and building projects for a period of three years as and when required	R503,397.87	R503,397.87	19-Oct-17	18-Oct-20	Yes		Yes		Delivery as and when required
60	RLM/DTIS/0024/2017/18	Smec South Africa (Pty) Ltd	Appointment of a panel of contractors for various new project excluding current implemented projects within the Rustenburg Local Municipality for a period of three years as and when required Rustenburg CBD	R1,016,000.00	R1,016,000.00	13-Oct-17	10-Dec-20	Yes		Yes		Delivery as and when required

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENCEMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								Yes	No	Yes	No	
61	RLM/DTIS/0030/2017/18	Zookie Construction and Projects	Appointment of a panel of contractors for various new project excluding current implemented projects within the Rustenburg Local Municipality for a period of three years as and when required Rustenburg CBD	R29,133,653.04	R29,133,653.04	30-Oct-17	29-Oct-20	Yes		Yes		Delivery as and when required
62	RLM/DTIS/0030/2017/18	Zookie Construction and Projects	Appointment of a contractor for water conservation and water demand management reduction of non-revenue water for period of three years. Lekgalong water supply Phase 4	R16,372,211.46	R16,372,211.46	29-Jan-18	29-Jan-21	Yes		Yes		Project ongoing
63	RLM/DTIS/0030/2017/18	TTH Invasion (Pty) Ltd	Appointment of a panel of contractors for various new project excluding current implemented projects within the Rustenburg Local Municipality for a period of three years as and when required. Meriting	R8,970,820.53	R8,970,820.53	12-Apr-17			No	Yes		Delivery as and when required

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								Yes	No	Yes	No	
64	RLM/DTIS/0030/2017/18	TTH Invasion (Pty) Ltd	Appointment of a panel of contractors for various new project excluding current implemented projects within the Rustenburg Local Municipality for a period of three years as and when required. Marikana	R13,098,729.44	R13,098,729.44	12-Apr-17	12-Apr-20		No	Yes		Delivery as and when required
65	RLM/DTIS/0030/2017/18	Thaw Construction	Appointment of a panel of contractors for various new project excluding current implemented projects within the Rustenburg Local Municipality for a period of three years as and when required.	R9,263,540.02	R9,263,540.02	30-Oct-17	29-Oct-20		No	Yes		Delivery as and when required
66	RLM/DTIS/0030/2017/18	Lekgathiso Construction Projects	Appointment of a panel of contractors for various new project excluding current implemented projects within the Rustenburg Local Municipality for a period of three years as and when required.	Rates	Rates	30-Oct-17	29-Oct-20		No	Yes		Delivery as and when required

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENCEMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								Yes	No	Yes	No	
67	RLM/DTIS/0030/2017/18	Nkomaba Trading and Projects	Appointment of a panel of contractors for various new project excluding current implemented projects within the Rustenburg Local Municipality for a period of three years as and when required.	Rates	Rates	30-Oct-17	29-Oct-20	Yes		Yes		Delivery as and when required
68	RLM/DTIS/0030/2017/18	DKPB Construction	Appointment of a contractor for water conservation and water demand management reduction of non-revenue water for period of three years. Upgrading of Western bulk sewer line	R4,320,262.20	R4,320,262.20	24-Jan-18	24-Jan-21		No	Yes		Delivery as and when required
69	RLM/DTIS/0030/2017/18	DKPB Construction	Appointment of a contractor for water conservation and water demand management - reduction of non-revenue water for period of three (03) years. UPGRADING AND REFURBISHMENT OF MATHOPESTAD RURALWATER SUPPLY	R8,496,810.71	R8,496,810.71	24-Jan-18	24-Jan-21		No	Yes		Delivery as and when required

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENT- CEMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								Yes	No	Yes	No	
70	RLM/DTIS/0030/2017/18	DKPB Construction	Appointment of a contractor for water conservation and water demand management - reduction of non-revenue water for period of three (03) years GENERAL CLEANING RESERVOIRS	R3,542,000.00	R3,542,000.00	24-Jan-18	24-Jan-21		No	Yes		Delivery as and when required
71	RLM/DTIS/0030/2017/18	Diges Group CC	Appointment of a panel of contractors for various new project excluding current implemented projects within the Rustenburg Local Municipality for a period of three years as and when required	Rates	Rates	30-Oct-17	29-Oct-20		No	Yes		The project was successfully completed.
72	RLM/DTIS/0030/2017/18	Rebaone Electrical and engineering	Appointment of a panel of contractors for various new project excluding current implemented projects within the Rustenburg Local Municipality for a period of three years as and when required. Kanana	R6,842,237.82	R6,842,237.82	12-Jun-17	12-Jun-20	Yes		Yes		The project was successfully completed.

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								Yes	No	Yes	No	
73	RLM/DTIS/0030/2017/18	Rebaone Electrical and engineering	Appointment of a panel of contractors for various new project excluding current implemented projects within the Rustenburg Local Municipality for a period of three years as and when required. Robega	R1,782,416.79	R1,782,416.79	12-Jun-17	29-Oct-20	Yes		Yes		The project was successfully completed.
74	RLM/DTIS/0030/2017/18	V2V Trading	Appointment of a panel of contractors for various new project excluding current implemented projects within the Rustenburg Local Municipality for a period of three years as and when required	R6,842,237.82	R6,842,237.82	30-Oct-17	29-Oct-20	Yes		Yes		The project was successfully completed.
75	RLM/DTIS/0030/2017/18	Motivated Construction Team 14	Appointment of a panel of contractors for various new project excluding current implemented projects within the Rustenburg Local Municipality for a period of three years as and when required	Rates	Rates	30-Oct-17	29-Oct-20		No	Yes		The project was successfully completed.

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								Yes	No	Yes	No	
76	RLM/DTIS/0030/2017/18	NJR projects (Pty) Ltd	Appointment of a panel of contractors for various new project excluding current implemented projects within the Rustenburg Local Municipality for a period of three years as and when required	Rates	Rates	30-Oct-17	29-Oct-20		No	Yes		The project was successfully completed.
77	RLM/DTIS/0030/2017/18	Kanana Transport services	Appointment of a panel of contractors for various new project excluding current implemented projects within the Rustenburg Local Municipality for a period of three years as and when required	Rates	Rates	30-Oct-17	29-Oct-20	Yes		Yes		The project was successfully completed.
78	RLM/DTIS/0030/2017/18	MLO Investments	Appointment of a panel of contractors for various new project excluding current implemented projects within the Rustenburg Local Municipality for a period of three years as and when required. Replacement of Tlhabane AC sewer bulk line (project A)	R24,423,446.76	R24,423,446.76	11-Jan-17	11-Jan-20		No	Yes		The project was successfully completed.

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMEN-CEMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								Yes	No	Yes	No	
79	RLM/DTIS/0030/2017/18	MLO Investments	Appointment of a panel of contractors for various new project excluding current implemented projects within the Rustenburg Local Municipality for a period of three years as and when required. Replacement of Tlhabane AC sewer bulk line(project B)	R24,932,211.66	R24,932,211.66	11-Jan-17	11-Jan-20		No	Yes		The project was successfully completed.
80	RLM/DTIS/0030/2017/18	MLO Investments	2400 ward 2 VIP toilets at Macharora phase 5	R23,105,213.63	R23,105,213.63	11-Jan-17	11-Jan-20		No	Yes		The project was successfully completed.
81	RLM/DTIS/0030/2017/18	MLO Investments	Rankelenyane water supply	R19,892,051.52	R19,892,051.52	2-Jul-18	2-Jul-21		No	Yes		The project in progress
82	RLM/DTIS/0030/2017/18	MLO Investments	Refurbishment of bulk line and Tlhabane water AC replacement section A	R30,466,075.13	R30,466,075.13	11-Jan-17	11-Jan-20		No	Yes		The project was successfully completed.
83	RLM/DTIS/0030/2017/18	MPJ Nice construction and maintenance (Pty) Ltd	Appointment of a panel of contractors for various new project excluding current implemented projects within the Rustenburg Local Municipality for a period of three years as and when required	R5,133,586.48	R5,133,586.48	11-Jan-17	30-Oct-20		No	Yes		The project was successfully completed.

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENCEMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								Yes	No	Yes	No	
84	RLM/DTIS/0030/2017/18	Ampcor Khanyisa (Pty) Ltd	Appointment of a panel of contractors for various new project excluding current implemented projects within the Rustenburg Local Municipality for a period of three years as and when required	Rates	Rates	11-Jan-17	30-Oct-20	Yes		Yes		The project was successfully completed.
85	RLM/DTIS/0030/2017/18	Mosengoana Trading cc	Appointment of a panel of contractors for various new project excluding current implemented projects within the Rustenburg Local Municipality for a period of three years as and when required	R27,321,417.27	R27,321,417.27	16-Apr-18	16-Apr-21	Yes		Yes		Progress still in progress
86	RLM/DTIS/0030/2017/18	Masedi Electrical (Pty) Ltd	Appointment of a panel of contractors for various new project excluding current implemented projects within the Rustenburg Local Municipality for a period of three years as and when required	R7,882,062.04	R7,882,062.04	11-Jan-17	30-Oct-20	Yes		Yes		The project was successfully completed.
87	RLM/DTIS/0030/2017/18	Good purpose construction	Appointment of a panel of contractors for various new project excluding current implemented	Rates	Rates	11-Jan-17	30-Oct-20		No			The project was successfully completed.

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENCEMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								Yes	No	Yes	No	
			projects within the Rustenburg Local Municipality for a period of three years as and when required							Yes		
88	RLM/DTIS/0030/2017/18	Cool Action Trading and projects	Appointment of a panel of contractors for various new project excluding current implemented projects within the Rustenburg Local Municipality for a period of three years as and when required	Rates	Rates	11-Jan-17	30-Oct-20		No	Yes		The project was successfully completed.
89	RLM/DTIS/0030/2017/18	Dwellers Trading and Projects	Appointment of a panel of contractors for various new project excluding current implemented projects within the Rustenburg Local Municipality for a period of three years as and when required	Rates	Rates	11-Jan-17	30-Oct-20		No	Yes		The project was successfully completed.
90	RLM/DTIS/0038/2015/16	Eternity Star Investments 231	Maumong water supply	R2,257,286.8 1	R2,257,286.8 1				No	Yes		
91	RLM/DTIS/0038/2015/16	Sakhile Projects	Construction of water supply infrastructure for Syferbult Phase 2	R3,757,249.8 5	R3,757,249.8 5				No	Yes		

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENCEMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								Yes	No	Yes	No	
92	RLM/DTIS/0030/2017/18	Mmege Construction and projects	Appointment of a panel of contractors for various new project excluding current implemented projects within the Rustenburg Local Municipality for a period of three years as and when required	R4,899,285.43	R4,899,285.43	11-Jan-17	30-Oct-20		No	Yes		The project was successfully completed.
93	RLM/DTIS/0030/2017/18	Sue Phalane Trading and Projects	Appointment of a contractor for water conservation and water demand management - reduction of non-revenue water for period of three (03) years (UPGRADING OF MONAKATO WASTE WATER TREATMENT)	R8,760,230.00	R8,760,230.00	11-Feb-17	11-Feb-20		No	Yes		The project was successfully completed.
94	RLM/DTIS/0033/2017/18	Rise Now Trading 34 (Pty) Ltd	Appointment of a contractor for water conservation and water demand management - reduction of non-revenue water for period of three (03) years	53,199,245.00	53,199,245.00	2-May-18	2-May-21		No	Yes		Project still in progress
95	RLM/DTIS/0054/2017/18	Jodenco Trading & Projects	Appointment of a panel of service providers for supply and delivery of motor vehicle/ heavy duty and auto spares for as and	Rates	Rates	5-Nov-18	5-Nov-21		No	Yes		Project still in progress

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENT- CEMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								Yes	No	Yes	No	
			when required for a period of three years									
96	RLM/DTIS/0054/2017/18	Nnyambose Trading	Appointment of a panel of service providers for supply and delivery of motor vehicle/ heavy duty and auto spares for as and when required for a period of three years	Rates	Rates	28-May-18	28-May-21	Yes		Yes		Project still in progress
97	RLM/DTIS/0102/2017/18	Nnyambose trading	Appointment of a panel of suppliers to supply and deliver motor vehicle/ heavy duty tyres and batteries for as and when needed for a period of three years	Rates	Rates	28-May-18	28-May-18	Yes		Yes		The project was successfully completed.
98	RLM/DTIS/0102/2017/18	Bonamoila construction	Appointment of a panel of suppliers to supply and deliver motor vehicle/ heavy duty tyres and batteries for as and when needed for a period of three years	Rates	Rates	28-May-18	28-May-21		No	Yes		Project still in progress

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENT- CEMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								Yes	No	Yes	No	
99	RLM/DTIS/0105/2017/18	Itumeleng Air Conditioning	Appointment of panel of service providers for repair and maintenance including supply and installation of air conditioners for as and when needed for a period of 3 years	Rates	Rates	24-May-18	24-May-21	Yes		Yes		
100	RLM/DTIS/0105/2017/18	C & M (Pty) Ltd	Appointment of panel of service providers for repair and maintenance including supply and installation of air conditioners for as and when needed for a period of 3 years	Rates	Rates	25-May-18	25-May-21		No	Yes		Delivery as and when required
101	RLM/DTIS/0049/2017/18	Katlego baphiring trading	Appointment of panel of service providers for supply and delivery of dispensing units as and required for a period of 3 years	Rates	Rates	24-May-18	24-May-21		No	Yes		Delivery as and when required
102	RLM/DTIS/0049/2017/18	Buhsego (pty) ltd	Appointment of panel of service providers for supply and delivery of dispensing units as and required for a period of 3 years	Rates	Rates	24-May-18	24-May-21	Yes		Yes		Delivery as and when required

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENT- CEMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								Yes	No	Yes	No	
103	RLM/DTIS/0051/2017/18	Tocasa group (Pty) Ltd	Appointment of panel of service providers for supply and delivery of metering kiosks, pillar boxes and pole boxes as and required for a period of 3 years	Rates	Rates	28-May-18	28-May-21	Yes		Yes		Delivery as and when required
104	RLM/DTIS/0051/2017/18	Magagson Business Enterprise	Appointment of panel of service providers for supply and delivery of metering kiosks, pillar boxes and pole boxes as and required for a period of 3 years	Rates	Rates	25-May-18	5-May-21		No	Yes		Delivery as and when required
105	RLM/DTIS/0051/2017/18	L and B procuring and services	Appointment of panel of service providers for supply and delivery of metering kiosks, pillar boxes and pole boxes as and required for a period of 3 years	Rates	Rates	25-May-18	25-Jun-21		No	Yes		Delivery as and when required
106	RLM/DTIS/0051/2017/18	Scallans Trading Company (Pty)Ltd	Appointment of panel of service providers for supply and delivery of metering kiosks, pillar boxes and pole boxes as and required for a period of 3 years	Rates	Rates	21-Jun-18	21-Jun-21	Yes		Yes		Delivery as and when required

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENT- CEMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								Yes	No	Yes	No	
107	RLM/DTIS/0051/2017/18	Tis invest (Pty) Ltd	Appointment of panel of service providers for supply and delivery of metering kiosks, pillar boxes and pole boxes as and required for a period of 3 years	Rates	Rates	6-Jun-18	6-Jun-21	Yes		Yes		Delivery as and when required
108	RLM/DTIS/0051/2017/18	Power Process	Appointment of panel of service providers for supply and delivery of metering kiosks, pillar boxes and pole boxes as and required for a period of 3 years	Rates	Rates	22-Jun-18	22-Jun-21		No	Yes		Delivery as and when required
109	RLM/DTIS/0051/2017/18	Katlego Baphiring Trading enterprise	Appointment of panel of service providers for supply and delivery of metering kiosks, pillar boxes and pole boxes as and required for a period of 3 years	Rates	Rates	25-May-18	25-May-21	Yes		Yes		Delivery as and when required
110	RLM/DTIS/0051/2017/18	BSA holdings (Pty) Ltd	Appointment of panel of service providers for supply and delivery of metering kiosks, pillar boxes and pole boxes as and required for a period of 3 years	Rates	Rates	30-May-18	30-May-21	Yes		Yes		Delivery as and when required

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENCEMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								Yes	No	Yes	No	
111	RLM/DTIS/0051/2017/18	Olifants holdings (Pty) Ltd	Appointment of panel of service providers for supply and delivery of metering kiosks, pillar boxes and pole boxes as and required for a period of 3 years	Rates	Rates	25-May-18	25-May-21	Yes		Yes		Delivery as and when required
111	RLM/DTIS/0051/2017/18	Batsonga Electrical	Appointment of panel of service providers for supply and delivery of metering kiosks, pillar boxes and pole boxes as and required for a period of 3 years	Rates	Rates	28-May-18	28-May-21	Yes		Yes		Delivery as and when required
113	RLM/DTIS/0046/2017/18	Cross Hill Primary	Appointment of a panel of service providers for supply and delivery of transformers substation as and when required for a period of three (03) years	Rates	Rates	24-May-18	24-May-21	Yes		Yes		Delivery as and when required
114	RLM/DTIS/0046/2017/18	Key Spirit	Appointment of a panel of service providers for supply and delivery of transformers substation as and when required for a period of three (03) years	Rates	Rates	24-May-18	24-May-21	Yes		Yes		Delivery as and when required

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENT- CEMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								Yes	No	Yes	No	
115	RLM/DTIS/0046/2017/18	Medupe Distributors	Appointment of a panel of service providers for supply and delivery of transformers substation as and when required for a period of three (03) years	Rates	Rates	6-May-18	6-May-21		No	Yes		Delivery as and when required
116	RLM/DTIS/0046/2017/18	No Regret	Appointment of a panel of service providers for supply and delivery of transformers substation as and when required for a period of three (03) years	Rates	Rates	24-May-18	24-May-21	Yes		Yes		Delivery as and when required
117	RLM/DTIS/0046/2017/18	Olifants Holdings	Appointment of a panel of service providers for supply and delivery of transformers substation as and when required for a period of three (03) years	Rates	Rates	24-May-18	24-May-21	Yes		Yes		Delivery as and when required
118	RLM/DTIS/0046/2017/18	Matiko Electrical	Appointment of a panel of service providers for supply and delivery of transformers substation as and when required for a period of three (03) years	Rates	Rates	24-May-18	24-May-21	Yes		Yes		Delivery as and when required

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENT- CEMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								Yes	No	Yes	No	
119	RLM/DTIS/0046/2017/18	Kwete Holding	Appointment of a panel of service providers for supply and delivery of transformers substation as and when required for a period of three (03) years	Rates	Rates	24-May-18	24-May-21		No	Yes		Delivery as and when required
120	RLM/DTIS/0046/2017/18	Omphile Electrical	Appointment of a panel of service providers for supply and delivery of transformers substation as and when required for a period of three (03) years	Rates	Rates	24-May-18	24-May-21	Yes		Yes		Delivery as and when required
121	RLM/DTIS/0046/2017/18	Katlego Baphiring Trading	Appointment of a panel of service providers for supply and delivery of transformers substation as and when required for a period of three (03) years	Rates	Rates	28-May-18	28-May-21	Yes		Yes		Delivery as and when required
122	RLM/DTIS/0053/2017/18	Aleng South Africa (Pty) Ltd	Re-advert appointment of a panel of service providers for supply and delivery of mv insulators as and when required for a period of three (03) years	Rates	Rates	31-May-18	31-May-21		No	Yes		Delivery as and when required

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENCEMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								Yes	No	Yes	No	
123	RLM/DTIS/0053/2017/18	Katlego Baphiring, Trading	Re-advert appointment of a panel of service providers for supply and delivery of mv insulators as and when required for a period of three (03) years	Rates	Rates	25-May-18	25-May-21	Yes		Yes		Delivery as and when required
124	RLM/DTIS/0053/2017/18	Matiko Holdings	Re-advert appointment of a panel of service providers for supply and delivery of mv insulators as and when required for a period of three (03) years	Rates	Rates	24-May-18	24-May-21	Yes		Yes		Delivery as and when required
125	RLM/DTIS/0053/2017/18	Olifants Holdings	Re-advert appointment of a panel of service providers for supply and delivery of mv insulators as and when required for a period of three (03) years	Rates	Rates	25-May-18	25-May-21	Yes		Yes		Delivery as and when required
126	RLM/DTIS/0080/2017/18	Trems Masilo	Supply and delivery of various water material for Rustenburg Local Municipality as and when required for a period of three years	Rates	Rates	24-May-18	24-May-21	Yes		Yes		Delivery as and when required

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENCEMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								Yes	No	Yes	No	
127	RLM/DTIS/0080/2017/18	No Regret Tenbosch	Supply and delivery of various water material for Rustenburg Local Municipality as and when required for a period of three years	Rates	Rates	25-May-18	25-May-21	Yes		Yes		Delivery as and when required
128	RLM/DTIS/0080/2017/18	L and B procuring	Supply and delivery of various water material for Rustenburg Local Municipality as and when required for a period of three years	Rates	Rates	24-May-18	24-May-21	Yes		Yes		Delivery as and when required
129	RLM/DTIS/0080/2017/18	Loapi Investment	Supply and delivery of various water material for Rustenburg Local Municipality as and when required for a period of three years	Rates	Rates	24-May-18	24-May-21	Yes		Yes		Delivery as and when required
130	RLM/DTIS/0080/2017/18	Rexus Trading	Supply and delivery of various water material for Rustenburg Local Municipality as and when required for a period of three years	Rates	Rates	31-May-18	31-May-21	No		Yes		Delivery as and when required
131	RLM/DTIS/0080/2017/18	Katlego Baphiring Trading	Supply and delivery of various water material for Rustenburg Local Municipality as and when required for a period of three years	Rates	Rates	24-May-18	24-May-21	Yes		Yes		Delivery as and when required

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENCEMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								Yes	No	Yes	No	
132	RLM/DTIS/0080/2017/18	Bonhoc Trading	Supply and delivery of various water material for Rustenburg Local Municipality as and when required for a period of three years	Rates	Rates				No	Yes		Delivery as and when required
133	RLM/DTIS/0080/2017/18	Matiko Holdings	Supply and delivery of various water material for Rustenburg Local Municipality as and when required for a period of three years	Rates	Rates			Yes		Yes		Delivery as and when required
134	RLM/DTIS/0080/2017/18	M3L Trading	Supply and delivery of various water material for Rustenburg Local Municipality as and when required for a period of three years	Rates	Rates			Yes		Yes		Delivery as and when required
135	RLM/DTIS/0052/2017/18	Maleseka (Pty) Ltd	Re-Advert appointment of panel of service providers for supply and delivery of Lamps as and when required for a period of 3 years	Rates	Rates	7-Oct-18	7-Oct-21	Yes		Yes		Delivery as and when required
136	RLM/DTIS/0052/2017/18	Scallans Trading company (Pty) Ltd	Re-Advert appointment of panel of service providers for supply and delivery of Lamps as and when required for a period of 3 years	Rates	Rates	21-Jun-18	21-Jun-21	Yes		Yes		Delivery as and when required

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENCEMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								Yes	No	Yes	No	
137	RLM/DTIS/0052/2017/18	Olifants Holding (Pty) Ltd	Re-Advert appointment of panel of service providers for supply and delivery of Lamps as and when required for a period of 3 years	Rates	Rates	27-Jun-18	27-Jun-21	Yes		Yes		Delivery as and when required
138	RLM/DTIS/0052/2017/18	Matiko Holding CC	Re-Advert appointment of panel of service providers for supply and delivery of Lamps as and when required for a period of 3 years	Rates	Rates	27-Jun-18	27-Jun-21	Yes		Yes		Delivery as and when required
139	RLM/DTIS/0052/2017/18	L&B Procuring and Service	Re-Advert appointment of panel of service providers for supply and delivery of Lamps as and when required for a period of 3 years	Rates	Rates	18-Jun-18	18-Jun-21	Yes		Yes		Delivery as and when required
140	RLM/DTIS/0045/2017/18	Matiko Holding CC	Re-Advert appointment of panel of service providers for supply and delivery of Energy Meters as and when required for a period of 3 years	Rates	Rates	27-Jun-18	27-Jun-21		No	Yes		Delivery as and when required
141	RLM/DTIS/0045/2017/18	Maupa Holdings	Re-Advert appointment of panel of service providers for supply and delivery of Energy Meters as and when required for a period of 3 years	Rates	Rates	7-Apr-18	7-Apr-21		No	Yes		Delivery as and when required

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENT- CEMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								Yes	No	Yes	No	
142	RLM/DTIS/0045/2017/18	Katlego Baphiring Trading enterprise	Re-Advert appointment of panel of service providers for supply and delivery of Energy Meters as and when required for a period of 3 years	Rates	Rates	22-Jun-18	22-Jun-21		No	Yes		Delivery as and when required
143	RLM/DTIS/0045/2017/18	Mthambu Electrical Bbdtm Bros Advertising agency JV	Re-Advert appointment of panel of service providers for supply and delivery of Energy Meters as and when required for a period of 3 years	Rates	Rates	22-Jun-18	22-Jun-21		No	Yes		Delivery as and when required
144	RLM/DTIS/0030/2017/18	SBS	Appointment of a panel of contractors for various new project excluding current implemented projects within the Rustenburg Local Municipality for a period of three years as and when required	Rates	Rates	6-Jul-18	6-Jul-21	Yes		Yes		Delivery as and when required
145	RLM/DTIS/0062/2019/20	REBAONE ELECTRICAL	APPOINTMENT OF A CONTRACTOR FOR THE ELECTRIFICATION OF DINIE ESTATES.	R 8,795,562.71	R 8,795,562.71	6-Apr-20	6-Oct-20	Yes		Yes		Project in progress
146	RLM/DTIS/0063/2019/20	REBAONE ELECTRICAL	CONSTRUCTION OF BULK LINE IN DINIE ESTATE	R6 614 423.29	R6 614 423.29	23-Jun-20	23-Dec-20	Yes		Yes		Project in progress

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENCEMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								Yes	No	Yes	No	
147	RLM/DTIS/0054/2019/20	DKPB CONSTRUCTION CC	PHATSIMA ROADS & STORMWATER (MAMEROTSE)	R9 158 856.71	R9 158 856.71	24-Jun-20	24-Nov-20		No	Yes		Project in progress
148	RLM/DTIS/0049/2019/20	STONE PILLAR	PHATSIMA EXTENSION 3 YARD CONNECTIONS	R8 854 772.30	R8 854 772.30	29-Jun-20	29-Dec-20		No	Yes		Project in progress
149	RLM/DTIS/0055/2019/20	MADITSI CONSTRUCTION	PHATSIMA ROADS & STORMWATER (MAILE)	R7 689 934.17	R7 689 934.17	29-Jun-20	29-Nov-20		No	Yes		Project in progress
150	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		Yes		Operational plan submitted. Situational analysis of current applications for agricultural support (3 year contract)
151	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.

**CHAPTER 4 : ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)**

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

**4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES**

**Table 4.1 Workforce Totals**

Directorate	Division	No of posts	No Employees	Vacancies	Funded	Unfunded	Appointment Outside the Organogram
Community Development	Director & Admin Support	6	3	1	1	0	0
	Community Facilities	590	307	283	56	227	0
	Libraries & Information Serv.	90	59	31	12	19	0
	Waste Management	316	232	232	19	213	0
	Integrated Environmental Management	4	4	0	88	0	0
	Civil Facilities & Maintenance	33	49	16	8	8	0
	Sub-Total	1039	654	385	184	201	0
Corporate Support Services	Director & Admin Support	5	4	1	0	1	0
	Human Resources	46	24	22	4	18	0
	Information Technology	26	12	14	2	12	0
	Admin Support Services	44	28	16	11	5	0
	Occupational Health & Safety	27	10	17	3	14	0
	Sub-Total	148	78	70	20	50	0
Infrastructure Services	Director & Admin Support	10	7	3	0	3	0
	Electrical Engineering	297	117	180	15	165	0
	Mechanical Engineering	72	38	34	9	25	0
	Water and Sanitation	500	225	275	16	259	100
	Sub-Total	879	387	492	40	452	100
	Director & Admin Support	10	4	6	2	4	0

Directorate	Division	No of posts	No Employees	Vacancies	Funded	Unfunded	Appointment Outside the Organogram
Planning and Human Settlement	Building Control & Regulations	16	10	6	3	3	0
	Development Planning	29	21	8	8	0	0
	Unit Housing	23	30	7	1	6	0
	Estate Admin & Land Sales	15	7	8	3	5	0
	Sub-Total	93	72	22	17	5	0
Public Safety	Director & Admin Support	9	6	3	3	0	0
	Emergency & Disaster Management	325	72	253	19	234	0
	Licensing & Testing	107	69	38	15	23	0
	Traffic Services	362	102	260	11	249	0
	Law Enforcement	128	88	40	12	28	0
	Sub-Total	931	337	594	60	534	0
Budget and Treasury	CFO & Deputy CFO & Admin Sup	5	5	0	2	0	0
	Revenue & collection	87	34	53	4	49	0
	Billing	61	38	23	9	14	24
	Financial Management	51	33	18	3	15	0
	Financial Control	23	16	7	2	5	0
	Intern National Treasury		2		2	0	0
	Supply Chain Management	51	21	30	3	27	0
Sub-Total	278	278	148	25	123	24	
Local Economic Development	Director & Admin Support	5	4	1	1	0	0
	Trade & Invest/Rural Dev	12	1	11	2	9	0
	Economic Research & Policy	9	4		2	0	0
	Enterprise Development	17	7	10	2	8	0
	Sub-Total	43	16	27	7	20	0
Office of the Municipal Manager	MM & Admin Support	10	6	4	3	1	0
	Strategy & Planning	9	5	4	1	3	0
	Project Management	25	10	15	3	12	0

Directorate	Division	No of posts	No Employees	Vacancies	Funded	Unfunded	Appointment Outside the Organogram
	Legal & Valuation	10	6	4	3	1	0
	Auditing	8	7	1	0	1	0
	Risk Management	4	2	2	0	2	0
	Corporate Pool	3	0	3	0	3	0
	RCC Offices	39	25	14	9	5	0
	Customer Care	57	26	31	8	23	0
	Sub-Total	165	87	78	27	51	0
Rustenburg	Director & Admin Support	10	5	5	5	0	0
Rapid Transport	Roads & Stormwater	228	157	71	25	46	0
	Intern RRT (3 yr contract)	10	0	10	0	10	0
	Sub-Total	248	162	86	30	56	0
Office of the Executive Mayor	Admin Support Services	14	10	4	3	1	0
	Mayoral Admin Officer	10	8	2	3	1	0
	Communication	5	3	2	0	2	0
	Intergovernmental Relations	3	3	0	0	0	0
	Special Projects	7	7	0	1	0	0
	VIP Protection Services	4	3	1	0	1	0
	Monitoring & Evaluation	6	2	4	0	4	0
Office of Chief Whip	Admin Support Services	9	4	5	5	0	0
	Sub-Total	58	40	18	12	6	0
Office of the Speaker	Sub-Total	22	14	8	3	5	0
	TOTAL	3904	1995	1909	422	1487	124

## 4.2 VACANCY RATE

**Table 4.2 Vacancy Rate = 45.31%**

Vacancy Rate: 2019/2020				
No	Designations	No. of approved posts	No. of vacancies	Vacancy Rate (%)
1	Municipal Manager	1	0	0
2	Chief Operations Officer	0	0	0
3	Chief Financial Officer	1	0	0
4	Other section 57 Managers	14	13	10
5	Senior Management	84	64	36
6	Professionals	400	158	52
7	Skilled people	1900	689	58
8	Semi-skilled people	420	224	50
9	Unskilled	1084	847	62
<b>TOTALS</b>		<b>3904</b>	<b>1 995</b>	<b>45.31</b>

## 4.3 TURNOVER RATE

**Table 4.3 Turnover Rate**

Turn-over Rate			
Period	No. of Employees as at the beginning of the financial year	No of terminations during the financial year	Turnover Rate*
2013/2014	1 646	88	5.3
2014/2015	1 784	206	11.5
2015/2016	1 735	64	3.6
2016/2017	1 838	107	5.8
2017/2018	1 753	67	3.8
2018/2019	1 754	48	2.7

2019/2020	1 995	40	2.0
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## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### 4.4 INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

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

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

#### 4.4.1 POLICIES

Table 4.4 Policies

No.	Title of Policy	% Completion	% Reviewed	Date of Approval by Council	Brief Description of Policy
1	Recruitment and Selection of Staff	0%	LLF	-	LLF of the 12 March 2020 did not sit
2	Acting Appointment and Allowance	0%	LLF	-	LLF of the 12 March 2020 did not sit
3	Secondment Policy	0%	LLF	-	LLF of the 12 March 2020 did not sit
4	Transfer of Staff	0%	LLF	-	LLF of the 12 March 2020 did not sit
5	Placement Policy	0%	LLF	-	LLF of the 12 March 2020 did not sit

#### 4.4.2 PERFORMANCE REWARDS

The Employee Performance Management System is currently being implemented with regard to the Municipal Manager, Section 56 Managers, unit and section managers. Council approved a PMS Policy in June 2019 to cascade performance management to all levels in the organisation.

### COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

#### 4.5 SKILLS DEVELOPMENT AND TRAINING

##### Introduction

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

##### Bursaries awarded to Employees:

The Rustenburg Local Municipality awards bursaries to employees who studied courses linked to the RLM objective and in line with the national government's priorities: Accounting Science, Public Management, Internal Auditing, Real Estate, Safety Management, Town and Regional Planning, Road Traffic Management, BC: Commerce Management, BA: Human and Social Studies, Human Resource Management, BD: Law, BD: Administration, BC: Communication.

Table 4.5 Bursaries Awarded

NUMBER OF EMPLOYEES ENROLLED	BUDGET	AMOUNT SPENT	% Expenditure
67	R760 000.00	R652 114.87	88%

#### 4.6 SKILLS DEVELOPMENT AND TRAINING

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

Table 4.6 Skills Programme

Skills Programmes and other short courses			
Budget	Expenditure	%	Number of employees trained
R2.4 m	R196 496.00	8.2%	165

#### 4.7 COURSE ATTENDANCE: 1 JULY 2019 – 30 JUNE 2020

Table 4.7 Courses Attended

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES									African		Coloured		Asian		White			
				BTO	LED	PHS	PS	CD	TIS	RRT	DCS	MM	EXC	M	F	M	F	M	F	M	F	
Induction  Mr Bard Mtyotja	2019/08/20	Ntshabele B	Admin Support										1		1							
		Ngwagwe M T G	Special Projects										1	1								
		Motlokwa H	Emergency				1															
		Naane O	Emergency				1															
		Molefe L.M	Regional Comm Centre									1										
		Sebetola M.E	Regional Comm Centre									1										
		Kgwadi R.P	Financial Control	1																		
		Nkosi Z.A	Financial Control	1																		
		Monageng R	Financial Control	1																		
		Selaledi O.E	Library & Information					1														
		Sebolai S.J	Library & Information					1														
		Mpunguse S	Library & Information					1														
		Mbenyana L	Regional Comm Centre									1										
		Sebolaai M.T	Library & Information					1														
		Masupi M.P	Supply Chain Manage	1																		
Ramatlhape J.T	Emergency				1																	



COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES	African	Coloured		Asian	White	
				BTO	LED	PHS	PS	CD	TIS	RRT
		Molefe N.N	Mechanical						1	
		Wittes I	Mechanical						1	
		Mogorosi	Mechanical						1	
		Khan D.G	Mechanical						1	
New Licenses (Forklift)	26-27/09/19	Makgalemele K	Stores	1						
		Majoro L.D.P	Electrical						1	
		Breitenbach D	Electrical						1	
		Phetheni S	Electrical						1	
		Ramawela K.E	Electrical						1	
		Gasealalwe J	Electrical						1	
		Mesesa S.A	Electrical						1	
Renewal of Licenses (Grade)	26-27/09/19	Diamond T.H	Roads							1
		Gumede S.L	Roads							1
		Kapari D.V.T	Roads							1
		Podile S.T	Roads							1
		Ngcobo N.H	Roads							1
		Tau J.J	Roads							1

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES	African	Coloured		Asian	White	
				BTO	LED	PHS	PS	CD	TIS	RRT
		Matshaba T	Roads							1
		Lebese J.N	Water Services						1	
		Legodi T	Parks					1		
		Stemmer I.S	Roads							1
		Ramela S.T	Water Services						1	
		Kaposhe I	Roads							1
		Mthombeni S.P	Roads							1
		Matlawe M.S	Roads							1
		Moitsheki K.C	Roads							1
		Stemmer P.T	Roads							1
		Rakoma L.K	Roads							1
		Sekele P	Roads							

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES	African	Coloured		Asian	White	
				BTO	LED	PHS	PS	CD	TIS	RRT
New Licenses (Bobcat operator/skid steel loader)	01-02/10/19	Molosi M.K	Waste					1		
		Dlamini F.B	Waste					1		
		Maila M	Waste					1		
		Nyathi S.A	Waste					1		
		Masigo P	Waste					1		
		Modise L.S	Waste					1		
		Wessel G.J	Waste					1		
		Gumede S.L	Roads					1		
		Motlhake E	Roads					1		
		Rakoma L.K	Roads					1		
New Licenses (Bobcat operator/skid steel loader)	01-02/10/19	April K	Roads							1
		Molemane K	Law Enforcement				1			
		Majoro N	Waste					1		
		Ndlovu J	Waste					1		
Renewal Licenses (TLB Backhole/Loader)	03-04/10/19	Stemmer I.S	Roads							1
		Diamond T.H	Roads							1
		Gumede S.L	Roads							1
		Podile S.T	Roads							1

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES	African	Coloured		Asian	White	
				BTO	LED	PHS	PS	CD	TIS	RRT
		Kapari D.V.T	Roads							1
		Mothake E	Roads							1
		April K	Roads							1
		Ngcobo N.H	Roads	1						1
		Mokolo M.R	Roads							1
		Wessel G.J	Waste					1		
		Molosi M.K	Waste					1		
		Tserema T.J	Santation						1	
		Nyathi S.A	Waste					1		
		Mathe L.L	Parks					1		
		Seleke M.P	Roads							1

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES	African	Coloured		Asian	White	
				BTO	LED	PHS	PS	CD	TIS	RRT
		Maila M	Waste					1		
		Modise L.S	Waste					1		
		Monnapula M.G	Parks							1
		Nkoe J.I	Parks							1
		Mojoro L.D.P	Electrical						1	
		Ramawela K.E	Electrical						1	
		Lebese J.N	Water Services						1	
		Ramela S.T	Water Services						1	
		Ngobeza I.M	Water Services						1	
		Mokgathane N.P	Water Services						1	
		Legodi T	Parks					1		
		Nokwane L.M	Parks					1		
		Mojoro P.N	Waste					1		
Renewal Licenses (TLB Backhole/Loader)	03-04/10/19	Molefe M.K.S	Parks					1		
		Marumale D.D	Water Services						1	
		Magadla D.T	Parks					1		
		Ndlovu J	Waste					1		
		Kgosimang H	Waste					1		

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES	African	Coloured		Asian	White	
				BTO	LED	PHS	PS	CD	TIS	RRT
		Banda G	Roads							1
		Mthombeni S.P	Roads							1
		Molemane T	Law Enforcement				1			
		Rakoma L.K	Roads							1
		Mathe J.G	Parks					1		
		Mafoko N.L	Parks					1		
		Matlawe M.S	Roads					1		
		Masigo P	Waste					1		

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES	African	Coloured		Asian	White	
				BTO	LED	PHS	PS	CD	TIS	RRT
Renewal of Licenses (Front-End loader)	09-10/10/19	Ngcobo N.H	Roads							1
		Kapari D.V.T	Roads							1
		Stemmer I.S	Roads							1
		Podile S.T	Roads							1
		April K	Roads							1
		Tau J.J	Roads							1
		Motlhake E	Roads							1
		Wessel G.J	Waste					1		
		Modise L.S	Waste					1		
		Gumede S.L	Roads							1
		Matshaba T	Waste					1		
		Maila M	Waste					1		
		Nqunyevu R.N	Waste					1		
		Diamond T.H	Waste					1		
		Nokwane L.M	Parks					1		
		Mathe L.L	Parks					1		
Seleke M.P	Roads							1		
Renewal of Licenses	09-10/10/19	Mohutswa K.C	Roads							1

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES	African	Coloured		Asian	White	
				BTO	LED	PHS	PS	CD	TIS	RRT
(Front-End loader)		Khumalo D.S	Roads							1
		Moitseki K	Roads							1
		Molefe M.K.S	Parks					1		
		Rakoma L.K	Roads							1
		Nyathi S.A	Waste					1		
		Mafoko N.L	Parks					1		
		Mthombeni S.P	Roads							1
		Magadla D.T	Parks					1		
		Molosi M.K	Waste					1		
		Pile J.R	Waste					1		

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES	African	Coloured		Asian	White	
				BTO	LED	PHS	PS	CD	TIS	RRT
		Mosiane E.T	Waste					1		
		Ndhlovu J	Waste					1		
		Stemmer P	Roads							1
		Molotsi B.A	Roads							1
		Nkoe M	Parks					1		
		Kgosimang H.M	Waste					1		
		Phirichwane T.V	Roads							1
		Matlawi S.M	Roads							1
		Motshwari L.V	Waste					1		
		Legodi T.O	Parks					1		
		Ramela S	Waste					1		
		Banda S	Roads							1
		Lebese J	Sanitation						1	
		Monnapula G	Parks					1		
		Nkoe J.I	Parks					1		
		Molemane T	Law Enforcement				1			
New Licenses (Excavator)	07-08/10/19	Matlawe S.M	Roads							1
		Moitsheki K	Roads							1

		Stemmer P.T	Roads								1
		Rakoma L.K	Roads								1
		Diamond T.H	Roads								1
New Licenses (Excavator)	07-08/10/19	Kaposhe I	Roads								1
		Mthombeni S.P	Roads								1
		Kwele L.O	Roads								1
		Ndhlovu J	Waste					1			
		Legodi T.O	Parks					1			
		Ramela S	Water Services						1		
		Mosiane T.E	Waste					1			
		Banda G.M	Roads								1
COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES	African	Coloured		Asian	White		
				BTO	LED	PHS	PS	CD	TIS	RRT	
		Mohutsiwa M	Roads								1
		Stemmer I.S	Roads								1
		Tau J.J	Roads								1
		Kapari D.V.T	Roads								1
		Motlhake E.S	Roads								1
		April A.K	Roads								1
		Ngcobo N.H	Roads								1

		Mokolo M.R	Roads							1
		Podile S.T	Roads							1
		Wessel G.J	Waste					1		
		Maila M.M	Waste					1		
		Modise L.S	Waste					1		
		Nkoe J.I	Parks					1		
		Lebese J	Water Services						1	
		Gumede S.L	Roads							1
		Molotsi B.A	Roads							1
		Makhaba T	Roads							1
		Molemane T	Law Enforcement				1			
		Mathe L	Parks					1		
		Seleke P	Roads							1
		Khumalo D	Roads							1
		Monnapula G	Parks					1		
Renewal of Licenses (Jet Cleaner)	30/09/2019	Ramela S	Water Services						1	
		April A.K	Roads							1

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES	African	Coloured		Asian	White	
				BTO	LED	PHS	PS	CD	TIS	RRT
New Licenses (Cherry Packer)	30/09/2019	Mafoko N.L	Parks					1		
		Kasambu P	Parks					1		
		Mfeka N.J	Parks					1		
		Modimokoane O.E	Parks					1		
		Pitse A.K	Parks					1		
		Molefe M.K.S	Parks					1		
		Magadla D.T	Parks					1		
Ms Excel	2019/09/16-20	Moyo E S	HR							
		Seitei S D	HR							
Investigating Corrupt Activities	2019/10/21-24	Sekhuthe J R	HR							
		Nkosi N	HR							
Basic Skills of Customer Services	2019/11/18-21	Nakedi T	Customer Care							
		Tubatsi J	Customer Care							
HRD Stellenbosch University	2019/12/01-02	Modisane J	SAMWU							
		Ramafoko R	IMATU							
Municipal Performance Management	2019/12/09-13	Nyanda N	Admin Support							
		Matabane E N	Admin Support							
		Magale D L	PMS							

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES	African	Coloured		Asian	White	
SALGA		Mosiane C	IDP							
		Marumola F	IMPAC							
		Tlhaheseng M	IMPAC							
Induction	2020/02/03	Lesejane K	Admin Support							1
Mr Bard Mtyotja		Hoosen R	Billing	1						
		Dire M	Strategic Management							
		Sovara O	Traffic Services							
		Maema I	Legal Services							
		Serutle G	Admin Support			1				
		Tsopodi D	Law Enforcement				1			
		Ramothwala M E	Emergency & Disaster				1			
National Treasury		E Mabalane	SCM	1						
		M Ramokoka	SCM	1						
		K Makgalemele	SCM	1						
		J Masinga	SCM	1						
		HB Maisela	SCM	1						
		L Pitso	SCM	1						
		J Sekati	SCM	1						
		R Moeng	SCM	1						

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES	African	Coloured		Asian	White	
<b>TOTAL NUMBER TRAINED = 203</b>				16	0	1	18	73	24	74

## COMPONENT D: MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

### 4.8 EMPLOYEE EXPENDITURE

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#### 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

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

## CHAPTER 5: STATEMENT OF FINANCIAL PERFORMANCE

### COMPONENT A: FINANCIAL PERFORMANCE

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

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

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

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

Operating revenue for controlling entity increased by R262 million in 2019/20 compared to 2018/19 financial year. The expenditure for 2019/20 decreased by R827 million compared to the actual of 2019/20 and this is mainly as a result of cost containment measures and improved budgetary controls. The net operations resulted into a surplus of R557 million in 2019/20 .

### 5.1 STATEMENT OF FINANCIAL PERFORMANCE

Table 5.1 Financial Performance

Description	Controlling entity	
	2020 R'000	2019 Restated R'000
Total revenue	5 032 853	4 770 878
Total expenditure	(4 475 632)	(5 302 603)
Surplus (deficit) for the year	557 221	(531 725)

#### Overall Operating Results

#### Operating Revenue

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

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

Revenue	2020	2019
	R'000	R'000
Revenue from exchange transactions		
Service Charges	2 776 898	2 877 891
Rental of Facilities and Equipment	8 927	20 137
Interest Received from Trading Activities	389 582	282 389
Agency Services	15 568	1 037
Licenses and Permits	6 678	16 772
Other Income	14 100	9 959
Interest Received (Other)	24 495	16 444
Property Rates	378 141	353 910
Government Grants & Subsidies	1 218 705	1 158 869
Fines, Penalties and Forfeits	11 303	8 046
Public contributions and Donations	188 413	-
Gain on Disposal of Assets	-	953
Fair Value Adjustments	43	24
Actuarial profit / Loss	-	24 447
<b>Grand Total Revenue</b>	<b>5 032 853</b>	<b>4 770 878</b>

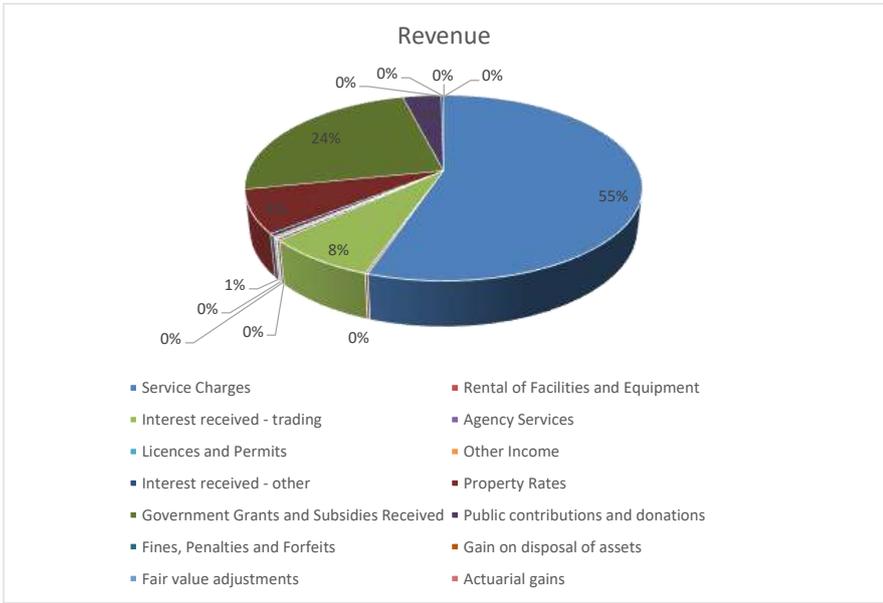


Figure 5.1 Revenue

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

REVENUE SOURCE	30 June 2020	30 June 2019	30 June 2018
Service Charges	2 776 898	2 877 891	2 605 233
Rental of Facilities and Equipment	8 927	20 137	12 474
Interest received - trading	389 582	282 389	-
Agency Services	15 568	1 037	19 934
Licences and Permits	6 678	16 772	10 398
Other Income	14 100	9 959	9 647
Interest received - other	24 495	16 444	13 097
Property Rates	378 141	353 910	330 842
Government Grants and Subsidies Received	1 218 705	1 158 869	1 158 567
Pulci contributions and donations	188 413		
Fines, Penalties and Forfeits	11 303	8 046	14 580
Gain on disposal of assets	-	953	4 101
Fair value adjustments	43	24	16
Actuarial gains	-	24 447	3 307
<b>TOTAL REVENUE (INCLUDING GAINS AND FAIR VALUE ADJUSTMENTS)</b>	<b>5 032 853</b>	<b>4 770 878</b>	<b>4 182 196</b>
<b>REVENUE COLLECTION</b>	<b>3 860 118</b>	<b>4 127 850</b>	<b>4 094 464</b>
<b>PERFORMANCE FOR REVENUE COLLECTION PER SOURCE</b>	<b>77%</b>	<b>87%</b>	<b>98%</b>

The municipality's performance for revenue collection is 77%, which has declined from the previous financial year. The municipality will continue to intensify credit control measures with the objective of improving long term sustainability.

REVENUE PER VOTE	30 June 2020
Vote 1 - EXECUTIVE MAYOR	244 172
Vote 2 - MUNICIPAL MANAGER	118 444
Vote 3 - CORPORATE SUPPORT SERVICES	8 537
Vote 4 - BUDGET AND TREASURY	420 648
Vote 5 - PUBLIC SAFETY	37 837
Vote 6 - PLANNING AND HUMAN SETTLEMENT	201 062
Vote 7 - LOCAL ECONOMIC DEVELOPMENT	4 288
Vote 8 - COMMUNITY DEVELOPMENT	189 382
Vote 9 - TECHNICAL AND INFRASTRUCTURE	3 808 481
<b>TOTAL REVENUE (INCLUDING GAINS AND FAIR VALUE ADJUSTMENTS)</b>	<b>5 032 853</b>

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

	30 June 2020 R'000	30 June 2019 R'000	30 June 2018 R'000
<b>Gross balances</b>			
Consumer debtors - Rates	383 627	313 801	306 412
Consumer debtors - Electricity	989 525	873 380	772 389
Consumer debtors - Water	1 639 358	1 391 840	1 205 307
Consumer debtors - Sewerage	417 240	353 378	336 495
Consumer debtors - Refuse	448 120	373 612	355 951
Consumer debtors - Other	1 848 063	1 480 128	1 022 586
	<b>5 725 933</b>	<b>4 786 139</b>	<b>3 999 140</b>
<b>Less: Impairment of debtors</b>			
Consumer debtors - Rates	- 369 332	- 313 736	- 276 867
Consumer debtors - Electricity	- 826 697	- 788 096	- 634 699
Consumer debtors - Water	- 1 526 313	- 1 377 345	- 1 168 662
Consumer debtors - Sewerage	- 410 259	- 353 357	- 329 670
Consumer debtors - Refuse	- 438 971	- 373 593	- 356 410
Consumer debtors - Other	- 1 602 518	- 1 478 668	- 967 742
	<b>- 5 174 090</b>	<b>- 4 684 795</b>	<b>- 3 734 050</b>
<b>Net balances</b>			
Consumer debtors - Rates	14 295	65	29 545
Consumer debtors - Electricity	162 828	85 284	137 690
Consumer debtors - Water	113 045	14 495	36 645
Consumer debtors - Sewerage	6 981	21	6 825
Consumer debtors - Refuse	9 149	19	459
Consumer debtors - Other	245 545	1 460	54 844
	<b>551 843</b>	<b>101 344</b>	<b>265 090</b>
Percentage Decrease Net balance 2018 to 2019			-62%
Percentage Increase Net balance 2019 to 2020			445%

## Operating Expenditure

The graph below gives the break down per main expenditure group

**Table 5.3 Breakdown per main expenditure group (Controlling Entity)**

Expenditure	2020	2019
	R'000	R'000
Employee Related Costs	-762 142	-720 419
Remuneration of Councillors	-55 957	-53 751
Depreciation and Amortisation	-347 298	-415 390
Impairment loss	-455 501	-904 282
Finance Costs	-89 507	-72 942
Lease rentals on operating lease	-12 298	-7 462
Bulk Purchases	-2 172 395	-2 548 211
Contracted Services	-222 425	-286 746
Transfers and Subsidies	-20 256	-25 085
General Expenses	-249 556	-268 315
Actuarial losses	-88 297	-
<b>Total expenditure</b>	<b>- 4 475 632</b>	<b>- 5 302 603</b>

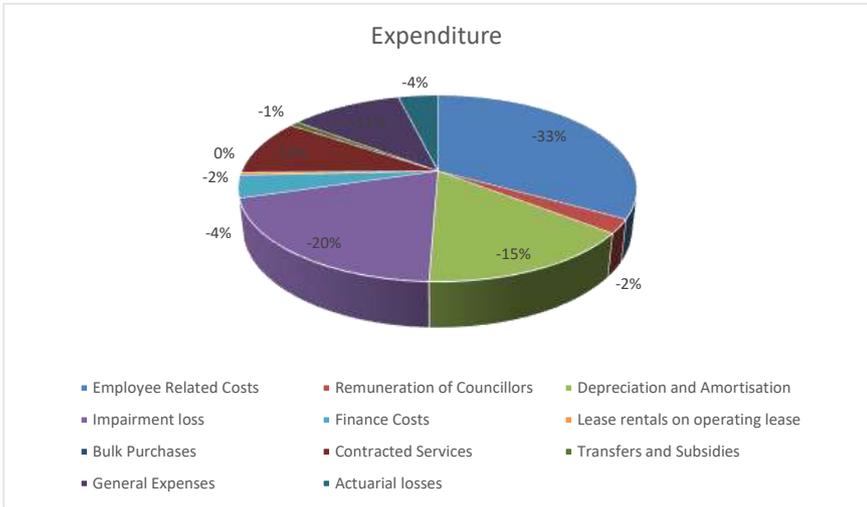


Figure 5.2 Analysis of financial position as at the 30 June 2020

Table 5.4 Asset Management

	Economic entity	
	2020	2019
Current Assets	1 133 293	313 093
Non-Current Assets	9 242 679	9 039 946
Total Assets	10 375 972	9 353 039
Current Liabilities	1 748 475	1 372 100
Non-Current Liabilities	581 687	567 303
Total Liabilities	2 330 162	1 939 403

## 5.4 EMPLOYEE RELATED COSTS

The actual expenditure on remuneration expressed as a percentage of the total expenditure has marginally decreased from the previous year. The employee related costs including councillors' remuneration in 2019 and 2020 is at 14.64 % and 18.28% respectively.

**Table 5.5 Employee Related Costs**

Description	Economic entity	
	2020	2019
	R'000	R'000
Total revenue	5 102 996	4 845 202
Total expenditure	(4 470 346)	(5 310 101)
Employee related costs	767 890	724 916
Remuneration of councillors	55 957	53 751
Total Employee Related Costs and Councillors Remuneration	823 847	778 667
Ratio: % of Revenue	16.14	16.07
Ratio: % of Expenditure	18.30	14.60
% growth in remuneration expenses	5.80	19.60

The following is the key financial ratios for the economic entity

**Table 5.6 Financial ratios**

	2020	2019
Current ratio	0.65	0.23
Solvency Ratio	4.45	4.82
Debt (Total borrowings)/Total Operating Revenue	9 %	13 %
Total Long-Term debt to total revenue (excluding grants)	12 %	16 %
Capital cost (Interest paid and redemption) as a % of Total Operating Expenditure	2 %	2 %
Cash / Cost coverage ratio (Excluding unspent conditional grants)	1 Months	0 Months
Contracted Services % of Total Operating Expenditure	5 %	5 %
Capital expenditure to Total Operating Expenditure	8 %	11 %
Repairs and maintenance as a % Property Plant and Equipment and Investment Property (Carrying value)	1 %	1 %
Net Operating Surplus / (Deficit) Margin	(9) %	4 %
Cash and cash equivalent at the end of the year	485 370	161 157

## 5.5 SUPPLY CHAIN MANAGEMENT

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

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

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

### Bid Committee Meetings

The following table details the number of meetings held for the 2019/2020 financial year:

**Table 5.7 Bid Committee Meetings**

Bid Specification Committee	Bid Evaluation Committee	Bid Adjudication Committee
21	30	39

## 5.6 DEVIATIONS FROM NORMAL PROCUREMENT PROCESSES

Table 5.8 Deviations

Description	2019/20
Deviations approved by Accounting Officer in terms of section 12.22 of SCM policy	38

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

## 5.7 DISPOSAL MANAGEMENT

No disposables were carried out in the 2019/20 financial year

### BIDS AWARDED

Table 5.9 Bids Awarded

Description	2019/2020
Number of bids awarded	8
The total value of bids awarded	R92 611 660.59 Bid Number RLM/DRT/0047/2018/19 was appointed on rate per unit price
Number of bids awarded for capital projects	6
The total value of bids awarded for capital projects	R 77 521 360.59
Number of bids awarded for operational projects	2
Total value of bids awarded for operation projects	15 090 300.00

Description	2019/2020
	Bid Number RLM/DRT/0047/2018/19 was appointed on rate per unit price
Number of bids awarded locally	4
Value of bids awarded locally	R51 817 797.41  Bid Number RLM/DRT/0047/2018/19 was appointed on rate per unit price
Number of bids awarded locally for capital projects	3
Value of bids awarded locally for capital projects	R51 817 797.41
Number of bids awarded locally on Operational projects	1
Value of bids awarded locally on Operation projects	Bid Number RLM/DRT/0047/2018/19 was appointed on rate per unit price

## 5.8 QUOTATIONS AWARDED

Table 5.10 Quotations Awarded

Description	2019/20
Number of quotation awarded	47
The total value of quotation awarded	R 1 334 446.00
Number of Quotations awarded locally	21
Value of Quotations awarded locally	R 984 946.00

## 5.9 INVENTORY MANAGEMENT

The stock balance after the annual stock count reflects 16 612 370.73. The electrical equipment is treated as PPE in line with the Generally Recognized Accounting Practice. The total amount for the identified electrical equipment is R11 886 248.74. Water materials is R4 503 960.41. Sewerage materials is R780 857.52 and other materials is R101 971.55

## CHAPTER 6: AUDITOR GENERAL'S FINDINGS

### INTRODUCTION

According to section 45 of the Municipal Systems Act, 200, the results of performance measurement in terms of section 41(1) must be audited annually by the Auditor-General. Section 41(1) states that the auditing should take place with regard to each of those development priorities and objectives and against key performance indicators and targets to monitor, measure and review municipal performance at least once per annum.

#### 6.1 AUDITOR GENERAL'S REPORT 2019/2020



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 Local Municipality

#### Report on the audit of the consolidated and separate financial statements

##### Disclaimer of opinion

1. I was engaged to audit the consolidated and separate financial statements of the Rustenburg Local Municipality and its subsidiary set out on pages 263 to 371, which comprise the consolidated and separate statement of financial position as at 30 June 2020, the consolidated and separate statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. I do not express an opinion on the financial statements of the municipality. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated and separate financial statements.

##### Basis for disclaimer of opinion

###### Receivables from non-exchange transactions

3. I was unable to obtain sufficient appropriate audit evidence for receivables from fines as the municipality did not have an adequate system in place to account for outstanding amounts. I was unable to confirm these receivables by alternative means. Consequently, I was unable to determine whether any adjustments relating to gross balance – fines of R78 366 000 (2019: R67 068 000) and the allowance for impairment – fines of R67 111 000 (2019: R60 700 000) included in receivables from non-exchange transactions as disclosed in note 14 to the consolidated and separate financial statements were necessary.

#### Receivable from exchange transactions

4. I was unable to obtain sufficient appropriate audit evidence for payments made on consumer accounts due to limitations placed on the scope of my work. I was unable to confirm these payments by alternative means. Consequently, I was unable to determine whether any further adjustments to receivables from exchange transactions of R586 434 000 and R564 848 000 disclosed in note 13, consumer debtors – rates of R14 295 000 disclosed in note 14, impairment – consumer debtors of R428 179 000 disclosed in note 35 or the related consumer debtor disclosure in note 15 to the consolidated and separate financial statements were necessary.
5. The municipality incorrectly billed revenue, and included these amounts due in receivables, for municipal owned properties where these receivables did not meet the definition of an asset as per GRAP 1, *Presentation of financial statements*. In the current year, a portion of these receivables was written off as bad debt and in the prior year the total balance was impaired. In addition, the municipality did not account for commission charges and other goods and services received from its pre-paid electricity supplier, which resulted in an overstatement of consumer debtors – electricity. In the prior year this consumer account was incorrectly impaired when there was no objective evidence that the financial asset is impaired as per GRAP 104, *Financial instruments*. I was unable to determine the full extent of these misstatements for the current and prior years on revenue from service charges and property rates, or the related expenditure and accumulated surplus as it was impracticable to do so. Furthermore, the municipality did not accurately account for sales of electricity which resulted in consumer debtors – electricity as disclosed in note 13 and sale of electricity as disclosed in note 25 being understated by R48 013 768 (2019: R11 289 010).

#### Cash and cash equivalents

6. I was unable to obtain sufficient appropriate audit evidence for cash and cash equivalents as the municipality did not perform adequate bank reconciliations for the primary bank account and did not support reconciling items. I was unable to confirm this balance by alternative means. Consequently, I was unable to determine whether any adjustments relating to the primary bank account included in cash and cash equivalents of R485 370 000 and R415 339 000 as disclosed in note 16 to the consolidated and separate financial statements and the cash flow statement were necessary. In addition, in the prior year duplicate transactions were recorded in the cashbook that remained as reconciling items at year-end. This resulted in the understatement of the primary bank account as disclosed in note 16 by R144 795 729. I was unable to determine the other line items affected by this misstatement as it was impracticable to do so.

#### Property, plant and equipment

7. I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment as the underlying supporting registers for infrastructure assets and projects included in work-in-progress were not sufficiently accurate and complete. I was unable to confirm these infrastructure assets and work-in-progress projects by alternative means. Consequently, I was unable to determine whether any adjustments relating to property, plant and equipment of R9 083 072 000 and R8 483 882 000 (2019: R8 870 989 000 and R8 265 820 00) as disclosed in note 4 or the depreciation on property, plant and equipment of R370 719 000 and R338 211 000 (2019: R443 735 000 and R405 061 000) included in the depreciation and amortisation expense as disclosed in note 34 to the consolidated and separate financial statements were necessary.

#### Payables from exchange transactions

8. I was unable to obtain sufficient appropriate audit evidence for unallocated deposits due to the state of the accounting 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 adjustment to unallocated deposits of R144 892 000 (2019: R74 075 000) 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. In addition, the municipality did not accurately account for amounts due to suppliers in the prior year, which resulted

in trade payables as disclosed in note 22 being understated by R180 403 532. I was unable to determine the other line items affected by this misstatement as it was impracticable to do so.

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

9. 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 adjustment to the VAT payable of R213 009 000 and R189 236 000 (2019: R108 029 000 and R85 652 000) as disclosed in note 23 or the related prior period errors disclosure in note 48 to the consolidated and separate financial statements was necessary.

#### **Employee benefit obligations**

10. I was unable to obtain sufficient appropriate audit evidence for the employee benefit obligations due to the lack of information to support the actuarial calculations for these employee benefit obligations. I was unable to confirm the employee benefit obligations by alternative means. Consequently, I was unable to determine whether any adjustment to the employee benefit obligations of R142 635 000 as disclosed in note 10 to the consolidated and separate financial statement was necessary.

#### **Unspent conditional grants and receipts**

11. I was unable to obtain sufficient appropriate audit evidence for the opening balance of unspent conditional grants and receipts due to an inadequate document management system and lack of information supporting these amounts. I was unable to confirm these unspent conditional grants and receipts by alternative means. In addition, because the municipality incorrectly recognised revenue from government grants during 2018 where the conditions of the grants have not been met, unspent conditional grants and receipts as disclosed in note 19 was understated and accumulated surplus was overstated by R65 127 579. Consequently, I was unable to determine whether any further adjustments relating to unspent conditional grants and receipts of R198 759 000 (2019: R296 055 000) as disclosed in note 19, government grants & subsidies for the prior year of R1 158 869 000 as disclosed in note 29 and the accumulated surplus were necessary.

#### **Interest received (trading)**

12. I was unable to obtain sufficient appropriate audit evidence for interest received on consumer accounts due to insufficient audit evidence in support of the consumer balances, which is used to calculate the interest charges. I was unable to confirm these interest charges by alternative means. Consequently, I was unable to determine whether any adjustment relating to interest received (trading) of R389 582 000 as presented in the consolidated and separate statement of financial performance was necessary.

#### **Employee related cost**

13. During 2019, I was unable to obtain sufficient appropriate audit evidence for employee related cost due to limitations placed on the scope of my work. I was unable to determine whether any adjustment to employee related cost of R724 916 000 and R720 419 000 as disclosed in note 32 to the consolidated and separate financial statements was necessary. My audit opinion on the financial statements for the period ended 30 June 2019 was modified accordingly. I was still unable to confirm this employee related costs by alternate means. Consequently, my opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

#### **General expense**

14. During 2019, I was unable to obtain sufficient appropriate audit evidence for general expenses due to limitations placed on the scope of my work as the municipality did not have adequate systems in place to ensure that payments are only made for services rendered or goods received. I was unable

to determine whether any adjustment to general expense of R357 867 000 and R268 315 000 as disclosed in note 39 to the consolidated and separate financial statements was necessary. My audit opinion on the financial statements for the period ended 30 June 2019 was modified accordingly. I was still unable to confirm this expenditure by alternate means. Consequently, my opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

#### **Irregular expenditure**

15. 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. In addition, I was unable to obtain sufficient appropriate audit evidence to confirm whether some of the awards made during the year were made in terms of the supply chain management requirements. I was unable to confirm the irregular expenditure and awards by alternative means. Furthermore, the municipality made payments of R196 788 363 (2019: R713 683 295) in contravention with the supply chain management requirements which were not included in irregular expenditure disclosed. As the municipality did not quantify the full extent of the irregular expenditure, it was impracticable to determine the resultant understatement of irregular expenditure. Consequently, I was unable to determine whether any further adjustment to irregular expenditure of R5 702 093 000 (2019: R5 130 981 000) as disclosed in note 55 to the consolidated and separate financial statements was necessary.

#### **Commitments**

16. During 2019, I was unable to obtain sufficient and appropriate audit evidence for commitments due to the fact that the underlying supporting registers were not sufficiently accurate and complete. I was unable to determine whether any adjustments to commitments of R549 445 000 and R512 711 000 as disclosed in note 44 to the consolidated and separate financial statements was necessary. My audit opinion on the financial statements for the period ended 30 June 2019 was modified accordingly. I was still unable to confirm these commitments by alternative means. Consequently, my opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

#### **Total expenditure**

17. In addition to the individually material uncorrected misstatements, I was unable to obtain sufficient appropriate audit evidence for the following items, which had a material cumulative effect on total expenditure.
- Overtime payments of R32 716 208 included in the disclosed balance of employee related cost of R767 890 000 and R762 142 000 in note 32
  - Impairment loss on inventories of R20 911 000 included in the disclosed balance of R455 766 000 and R455 501 000 in note 35

I was unable to confirm the total expenditure by alternative means. Consequently, I was unable to determine whether any further adjustment to total expenditure as presented in the consolidated and separate statement of financial performance was necessary.

#### **Material uncertainty relating to going concern**

18. I draw attention to the matter below. My opinion is not modified in respect of this matter.
19. 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**

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

#### **Unauthorised and fruitless and wasteful expenditure**

21. As disclosed in note 53 to the consolidated and separate financial statements, unauthorised expenditure of R963 824 000 in respect of prior years have not yet been dealt with in accordance with section 32 of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA).
22. As disclosed in note 54 to the consolidated and separate financial statements, fruitless and wasteful expenditure of R10 207 000 was incurred in the current year and fruitless and wasteful expenditure of R18 311 000 from prior years have not yet been dealt with in accordance with section 32 of the MFMA.

#### **Material losses**

23. As disclosed in note 56 to the consolidated and separate financial statements, material water losses of R188 778 000 (2019: R205 768 000) was incurred as a result of water lost through the distribution process, which represents 45.83% (2019: 52,64%) of total water purchased.

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

24. As disclosed in note 48 to the consolidated and separate financial statements, the corresponding figures for 30 June 2019 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2020.

#### **Other matters**

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

#### **Unaudited disclosure notes**

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

#### **Unaudited supplementary schedules**

27. The supplementary information set out on pages 466 to 484 does not form part of the consolidated and separate financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

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

28. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the MFMA and the Division of Revenue Act of South Africa, 2019 (Act No. 16 of 2019) (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.

29. 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**

30. My responsibility is to conduct an audit of the consolidated and separate financial statements in accordance with International Standards on Auditing (ISAs) and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of this auditor's, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.
31. I am independent of the municipality and its subsidiary 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 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**

32. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected key performance areas presented in the annual performance report. I was engaged to perform procedures to raise findings but not to gather evidence to express assurance.
33. 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 annual performance report of the municipality for the year ended 30 June 2020:

Key performance area	Pages in the annual performance report
KPA 5 - Basic services and infrastructure development	159 - 173

34. 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.
35. 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

### Various objectives

36. The following reported strategic objective did not agree with the planned objectives. These changes were made without the necessary approval:

Reported strategic objective	Planned strategic objective
None	Improved service delivery through provision of high quality, reliable and cost-effective infrastructure based on integrated spatial planning
Explore alternative eco-friendly and conservation interventions to preserve the environment	Explore and implement alternative eco-friendly and conservation interventions to preserve the environment

### KPI 26: Percentage of budget spent on maintenance of infrastructure

37. I was unable to obtain sufficient appropriate audit evidence that related systems and processes were established to enable consistent measurement and reliable reporting of the actual achievement for the indicator. This was due to insufficient measurement definitions and processes. I was unable to test whether the indicator was well defined and verifiable by alternative means. As a result, I was unable to audit the reliability of the achievement of 111% reported against target of 8% of asset value in the annual performance report. In addition, I was unable to obtain sufficient appropriate audit evidence to support the measures taken to improve performance as reported. This was due to limitation placed on the scope of my work. I was unable to confirm the reported achievement or measures taken by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement or the measures taken to improve performance. In addition, the planned indicator and target were set at 8% of the asset value, but the reported achievement referred to 111% expenditure on maintenance of infrastructure assets.

### KPI 28: % Households earning less than R3 400 per month with access to free basic services

38. Some supporting evidence provided materially differed from the reported achievement, while in other instances I was unable to obtain sufficient appropriate audit evidence. This was due to a lack of accurate and complete records. In addition, I was unable to obtain sufficient appropriate audit evidence to support the measures taken to improve performance as reported. This was due to limitation placed on the scope of my work. I was unable to confirm the reported achievement of 88% or measures taken by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement or the measures taken to improve performance. In addition, the method of calculation for the achievement of the planned indicator was not clearly defined.

### KPI 29: % compliance to water quality as per South African National Standards

39. Some supporting evidence provided materially differed from the reported achievement, while in other instances I was unable to obtain sufficient appropriate audit evidence. This was due to a lack of accurate and complete records. I was unable to confirm the reported achievement of 100% by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement.

### KPI 30: % Reduction of Non-Revenue Water Losses

40. The measures taken to improve performance of the reported achievement of 3.67% against target of 5% for the indicator was not reported in the annual performance report.

#### Various indicators

41. The indicators listed below were approved in the service delivery and budget implementation plan (SDBIP) but were not included and reported in the annual performance report. These changes were made without the necessary approval.

Indicator number	Indicator description	Reported achievement
KPI 32	Percentage compliance with Blue Drop Criteria (Per SDBIP)	Not reported
KPI 33	Percentage readiness to comply with Green Drop Criteria (Per SDBIP)	Not reported

#### KPI 31: Number of MIG funded Water Projects implemented

42. The achievement of 3 was reported against target 3 in the annual performance report. However, the supporting evidence provided did not agree to the reported achievement and indicated an achievement of 0. Furthermore, adequate systems and processes were not established to enable consistent measurement and reliable reporting of performance against the predetermined indicator definitions and a target of 3 was reported whereas the approved SDBIP did not include a target, this change was not approved.

#### KPI 34: Number of MIG funded Sanitation Projects implemented

43. Some supporting evidence provided materially differed from the reported achievement, while in other instances I was unable to obtain sufficient appropriate audit evidence. This was due to a lack of accurate and complete records. I was unable to confirm the reported achievement of 67% by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement. Furthermore, adequate systems and processes were not established to enable consistent measurement and reliable reporting of performance against the predetermined indicator definitions and a target of 3 was reported whereas the approved SDBIP did not include a target, this change was not approved.

#### Other matter

44. I draw attention to the matter below.

#### Achievement of planned targets

45. Refer to the annual performance report on pages 124 to 182 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 36 to 43 of this report.

### Report on audit of compliance with legislation

#### Introduction and scope

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

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

#### Financial statements

48. 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, current liabilities, expenditure, cash flow statement and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a disclaimer audit opinion.

#### Strategic planning and performance management

49. 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).
50. 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

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

#### Consequence management

52. 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

53. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
54. Reasonable steps were not taken to ensure that the municipality implements and maintains an effective system of expenditure control, including procedures for the approval and payment of funds, as required by section 65(2)(a) of the MFMA.
55. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred and accounted for creditors, as required by section 65(2)(b) of the MFMA.
56. 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 disclaimer of opinion paragraph. The majority of the disclosed irregular expenditure was caused by awarding of contracts without following a competitive bidding process.
57. Reasonable steps were not taken to prevent fruitless and wasteful expenditure of R10 207 000, 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.

#### Utilisation of conditional grants

58. Performance in respect of programmes funded by the Public Transport Network Grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the Division of Revenue Act (Act 16 of 2019).

#### Procurement and contract management

59. Sufficient appropriate audit evidence could not be obtained that all contracts and quotations were awarded in accordance with the legislative requirements, as supporting documents were not submitted. Similar limitation was also reported in the prior year.

60. The preference point system was not applied in some of the procurement of goods and services above R30 000 as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act. Similar non-compliance was also reported in the prior year.
61. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations. Similar non-compliance was also reported in the prior year.
62. Some 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 Preferential Procurement Regulations. Similar non-compliance was also reported in the prior year.
63. 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)(b) of the MFMA. Similar limitation was also reported in the prior year.
64. The contract performance and monitoring measures and methods were not sufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA.
65. Sufficient appropriate audit evidence could not be obtained that persons in service of the municipality, whose close family members had a private or business interest in contracts awarded by the municipality, have disclosed such interest, as required by SCM regulation 46(2)(e) and the codes of conduct for councillors and for staff members issued in terms of the MSA.

#### Internal control deficiencies

66. 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 disclaimer of opinion, the findings on the annual 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 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

67. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit.

### Material irregularities identified during the audit

68. The material irregularities identified are as follows:

#### Penalties paid as a result of late submission of VAT returns

69. The municipality incurred penalties of as a result of late submission of the November 2019 VAT return, which is a 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.
70. 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 started with 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 recovery or non-recovery of the loss, and they have set a date of 30 June 2021 for this to be completed by.
71. Upon the completion of the investigation, the accounting officer plans to take appropriate steps based on the outcome of the investigation to institute consequence management, prevent any further, and recover the loss suffered. I will follow up on the investigation and the implementation of the planned actions during my next audit.

#### Interest and penalties paid as a result of late submission of payroll tax returns

72. The municipality incurred penalties of R1 380 293 that was levied by SARS due to the late submission of employee payroll tax returns for the 2019-20 tax year which was due to a contravention of section 2(1) of the fourth schedule of the Income Tax Act.
73. The accounting officer was notified of this material irregularity on 19 February 2021 and he was invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer indicated that a reconciliation assessment for February 2020 was erroneously resubmitted to SARS in January 2021, which resulted in the liability amount. After engaged with SARS to correct the error, confirmation was received from SARS on 28 April 2021 that the penalties has been cleared.
74. I considered the representations made and the substantiating documents provided and have concluded that appropriate actions have been taken. The material irregularity has therefore been resolved.

## Other reports

75. 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

76. 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. These investigations were still in progress at the date of the report.
77. The Directorate for Priority Crime Investigation (DPCI) was investigating various cases relating to fraud and procurement irregularities that occurred during 2012-13, 2015-16 and 2017-18. These investigations were concluded and referred to the National Prosecuting Authority (NPA) for prosecution.
78. Three matters relating to alleged procurement irregularities was referred to the Directorate for Priority Crime Investigation (DPCI) for investigation. The investigation was still in progress at the date of this report.
79. An allegation of fraud that occurred in the 2016-17 financial year was referred to the Directorate for Priority Crime Investigation (DPCI) for investigation. The investigation was still in progress at the date of this report.
80. 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.
81. 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). The investigations by the DPCI is still in progress as the date of this report.
82. 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

16 July 2021

Pretoria



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

**6.2 ANNUAL FINANCIAL STATEMENTS (RLM)**



## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### General Information

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Legal form of entity	Municipality (MFMA) : Category B
Mayoral committee Executive Mayor	Khunou, M (Executive Mayor) Mabale-Huma, S (Speaker) Mataboge, A (Single-Whip)
Councillors	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
Postal address	P O Box 16 Rustenburg 0300
Bankers	ABSA BANK (Primary Bank)
Auditors	Auditor-General of South Africa (AGSA)

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Index

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

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

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Accounting Officer's Responsibilities and Approval

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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 30/06/2021 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 108, which have been prepared on the going concern basis, were approved by the accounting officer on 30 November 2020.



Mr. Victor Makona  
Municipal Manager

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Statement of Financial Position as at 30/06/2020

Figures in Rand thousand	Note(s)	Economic entity		Controlling entity	
		2020	2019 Restated*	2020	2019 Restated*
<b>Assets</b>					
<b>Current Assets</b>					
Inventories	12	30 395	42 538	30 395	42 538
Finance lease receivables	8	-	-	251	206
Operating lease asset	9	65	78	65	78
Receivables from exchange transactions	13&15	586 434	101 325	564 848	89 529
Receivables from non-exchange transactions	14&15	31 029	7 995	31 029	7 995
Cash and cash equivalents	16	485 370	161 157	415 339	72 380
		<b>1 133 293</b>	<b>313 093</b>	<b>1 041 927</b>	<b>212 726</b>
<b>Non-Current Assets</b>					
Investment property	3	157 437	166 517	157 437	166 517
Property, plant and equipment	4	9 083 072	8 870 989	8 483 882	8 265 820
Intangible assets	5	26	34	26	34
Heritage assets	6	1 369	1 369	1 369	1 369
Investments	7	775	1 037	776	1 038
Finance lease receivables	8	-	-	1 593	1 844
		<b>9 242 679</b>	<b>9 039 946</b>	<b>8 645 083</b>	<b>8 436 622</b>
<b>Total Assets</b>		<b>10 375 972</b>	<b>9 353 039</b>	<b>9 687 010</b>	<b>8 649 348</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Other financial liabilities	20	107 125	64 995	71 836	33 805
Finance lease obligation	18	4 871	7 719	4 871	7 719
Payables from exchange transactions	22	1 040 325	714 734	1 275 826	890 348
VAT payable	23	213 009	108 029	189 236	85 652
Consumer deposits	24	51 103	49 364	51 103	49 364
Employee benefit obligation	10	5 855	6 071	5 855	6 071
Unspent conditional grants and receipts	19	198 759	296 055	198 759	296 055
Provisions	21	127 428	125 133	127 428	125 133
		<b>1 748 475</b>	<b>1 372 100</b>	<b>1 924 914</b>	<b>1 494 147</b>
<b>Non-Current Liabilities</b>					
Other financial liabilities	20	367 715	440 533	348 253	385 782
Finance lease obligation	18	-	4 871	-	4 871
Employee benefit obligation	10	136 780	90 640	136 780	90 640
Provisions	21	77 192	31 259	77 192	31 259
		<b>581 687</b>	<b>567 303</b>	<b>562 225</b>	<b>512 552</b>
<b>Total Liabilities</b>		<b>2 330 162</b>	<b>1 939 403</b>	<b>2 487 139</b>	<b>2 006 699</b>
<b>Net Assets</b>		<b>8 045 810</b>	<b>7 413 636</b>	<b>7 199 871</b>	<b>6 642 649</b>
<b>Reserves</b>					
Revaluation reserve	17	265 353	266 138	-	-
Accumulated surplus		7 780 457	7 147 498	7 199 871	6 642 649
<b>Total Net Assets</b>		<b>8 045 810</b>	<b>7 413 636</b>	<b>7 199 871</b>	<b>6 642 649</b>

\* See Note 48

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Statement of Financial Performance

Figures in Rand thousand	Note(s)	Economic entity		Controlling entity	
		2020	2019 Restated*	2020	2019 Restated*
<b>Revenue</b>					
<b>Revenue from exchange transactions</b>					
Service charges	25	2 840 897	2 942 010	2 776 898	2 877 891
Rental of facilities and equipment	26	8 927	20 137	8 927	20 137
Interest received (trading)		389 582	282 389	389 582	282 389
Agency services		15 568	1 037	15 568	1 037
Licences and permits		6 678	16 772	6 678	16 772
Other income	27	14 100	9 959	14 100	9 959
Interest received - investment	28	30 633	26 639	24 495	16 444
<b>Total revenue from exchange transactions</b>		<b>3 306 385</b>	<b>3 298 943</b>	<b>3 236 248</b>	<b>3 224 629</b>
<b>Revenue from non-exchange transactions</b>					
<b>Taxation revenue</b>					
Property rates	29	378 141	353 910	378 141	353 910
<b>Transfer revenue</b>					
Government grants & subsidies	31	1 218 705	1 158 869	1 218 705	1 158 869
Public contributions and donations		188 413	-	188 413	-
Fines, Penalties and Forfeits		11 303	8 046	11 303	8 046
<b>Total revenue from non-exchange transactions</b>		<b>1 796 562</b>	<b>1 520 825</b>	<b>1 796 562</b>	<b>1 520 825</b>
<b>Total revenue</b>		<b>5 102 947</b>	<b>4 819 768</b>	<b>5 032 810</b>	<b>4 745 454</b>
<b>Expenditure</b>					
Employee related costs	32	(767 890)	(724 916)	(762 142)	(720 419)
Remuneration of councillors	33	(55 957)	(53 751)	(55 957)	(53 751)
Depreciation and amortisation	34	(379 806)	(454 064)	(347 298)	(415 390)
Finance costs	36	(99 463)	(86 468)	(89 507)	(72 942)
Lease rentals on operating lease		(12 298)	(7 462)	(12 298)	(7 462)
Bulk purchases	37	(2 032 951)	(2 428 611)	(2 172 395)	(2 548 211)
Contracted services	38	(222 425)	(286 616)	(222 425)	(286 746)
Transfers and Subsidies	30	(6 531)	(5 724)	(20 256)	(25 085)
General Expenses	39	(348 962)	(357 867)	(249 556)	(268 315)
<b>Total expenditure</b>		<b>(3 926 283)</b>	<b>(4 405 479)</b>	<b>(3 931 834)</b>	<b>(4 398 321)</b>
<b>Operating surplus</b>		<b>1 176 664</b>	<b>414 289</b>	<b>1 100 976</b>	<b>347 133</b>
Gain on disposal of assets and liabilities		6	963	-	953
Fair value adjustments	40	43	24	43	24
Actuarial gains/losses	10	(88 297)	24 447	(88 297)	24 447
Impairment loss	35	(455 766)	(904 622)	(455 501)	(904 282)
		(544 014)	(879 188)	(543 755)	(878 858)
<b>Surplus (deficit) for the year</b>		<b>632 650</b>	<b>(464 899)</b>	<b>557 221</b>	<b>(531 725)</b>

\* See Note 48

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Statement of Changes in Net Assets

Figures in Rand Thousand	Revaluation reserve	Accumulated surplus	Total net assets
<b>Economic entity</b>			
Opening balance as previously reported	266 339	7 508 306	7 774 645
Adjustments			
Correction of errors	-	104 093	104 093
<b>Balance at 01/07/2018 as restated*</b>	<b>266 339</b>	<b>7 612 399</b>	<b>7 878 738</b>
Changes in net assets			
Deficit for the year - Previously reported	-	(427 786)	(427 786)
Impairment adjustment for the year	(175)	-	(175)
Revaluation surplus	(26)	-	(26)
<b>Total changes</b>	<b>(201)</b>	<b>(427 786)</b>	<b>(427 987)</b>
Restated balance before adjustments	266 138	7 184 613	7 450 751
Adjustments			
Correction of errors	-	(36 806)	(36 806)
<b>Restated* Balance as at 01/07/2019 restated*</b>	<b>266 138</b>	<b>7 147 807</b>	<b>7 413 945</b>
Changes in net assets			
Surplus for the year	-	632 650	632 650
Impairment adjustment for the year	(477)	-	(477)
Revaluation surplus	(308)	-	(308)
<b>Total changes</b>	<b>(785)</b>	<b>632 650</b>	<b>631 865</b>
<b>Balance as at 30/06/2020</b>	<b>265 353</b>	<b>7 780 457</b>	<b>8 045 810</b>
Note(s)	17		
<b>Controlling entity</b>			
Opening balance as previously reported	-	7 051 436	7 051 436
Adjustments			
Correction of errors	-	122 940	122 940
<b>Balance as at 01/07/2018 restated*</b>	<b>-</b>	<b>7 174 376</b>	<b>7 174 376</b>
Changes in net assets			
Deficit for the year - Previously reported	-	(497 516)	(497 516)
<b>Total changes</b>	<b>-</b>	<b>(497 516)</b>	<b>(497 516)</b>
Restated balance before adjustments	-	6 676 859	6 676 859
Adjustments			
Correction of errors	-	(34 209)	(34 209)
<b>Balance as at 01 July 2018 restated*</b>	<b>-</b>	<b>6 642 650</b>	<b>6 642 650</b>
Changes in net assets			
Surplus for the year	-	557 221	557 221
<b>Total changes</b>	<b>-</b>	<b>557 221</b>	<b>557 221</b>
<b>Balance as at 30/06/2020</b>	<b>-</b>	<b>7 199 871</b>	<b>7 199 871</b>

\* See Note 48

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Cash Flow Statement

Figures in Rand Thousand	Note(s)	Economic entity		Controlling entity	
		2020	2019 Restated*	2020	2019 Restated*
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Sale of goods and services		2 249 258	2 705 319	2 195 255	2 636 324
Grants		1 218 705	1 158 869	1 218 705	1 158 869
Interest income		420 215	309 028	414 077	298 833
Other receipts		32 081	33 814	32 081	33 824
		<b>3 920 259</b>	<b>4 207 030</b>	<b>3 860 118</b>	<b>4 127 850</b>
<b>Payments</b>					
Employee costs		(828 406)	(779 084)	(622 658)	(774 587)
Suppliers		(2 226 444)	(2 681 973)	(2 207 991)	(2 657 711)
Finance costs		(19 005)	(9 326)	(19 005)	(9 326)
Other payments		(30 482)	(8 628)	(44 214)	(28 199)
		<b>(3 104 337)</b>	<b>(3 479 211)</b>	<b>(3 093 868)</b>	<b>(3 469 823)</b>
<b>Net cash flows from operating activities</b>	<b>42</b>	<b>815 922</b>	<b>727 819</b>	<b>766 250</b>	<b>658 027</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	4	(385 108)	(676 113)	(357 836)	(622 860)
Proceeds from sale of property, plant and equipment	4	1 679	6 833	1 679	6 711
<b>Net cash flows from investing activities</b>		<b>(383 429)</b>	<b>(669 280)</b>	<b>(356 157)</b>	<b>(616 149)</b>
<b>Cash flows from financing activities</b>					
Repayment of other financial liabilities		(30 688)	(56 173)	-	(28 553)
Realisation from other financial liabilities		-	-	502	-
Interest paid		(70 180)	(65 040)	(60 224)	(51 514)
Finance lease payments		(7 719)	(6 988)	(7 719)	(6 988)
Realisation of financial assets		307	185	307	185
<b>Net cash flows from financing activities</b>		<b>(108 280)</b>	<b>(128 016)</b>	<b>(67 134)</b>	<b>(86 870)</b>
<b>Net increase in cash and cash equivalents</b>		<b>324 213</b>	<b>(69 477)</b>	<b>342 959</b>	<b>(44 992)</b>
Cash and cash equivalents at the beginning of the year		161 157	230 634	72 380	117 372
<b>Cash and cash equivalents at the end of the year</b>	<b>16</b>	<b>485 370</b>	<b>161 157</b>	<b>415 339</b>	<b>72 380</b>

\* See Note 48

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Statement of Comparison of Budget and Actual Amounts

	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand Thousand				
<b>Economic entity</b>				
<b>Statement of Financial Performance</b>				
<b>Revenue</b>				
<b>Revenue from exchange transactions</b>				
Service charges	3 144 542	2 840 897	(303 645)	58
Rental of facilities and equipment	10 036	8 927	(1 109)	58
Interest received (trading)	415 054	389 582	(25 472)	58
Agency services	99 249	15 568	(83 681)	58
Licences and permits	289	6 678	6 389	58
Other income	14 763	14 100	(663)	58
Interest received (Other)	30 921	30 633	(288)	58
<b>Total revenue from exchange transactions</b>	<b>3 714 854</b>	<b>3 306 385</b>	<b>(408 469)</b>	
<b>Revenue from non-exchange transactions</b>				
<b>Taxation revenue</b>				
Property rates	377 122	378 141	1 019	58
<b>Transfer revenue</b>				
Government grants & subsidies	1 384 959	1 218 705	(166 254)	58
Public contributions and donations	-	188 413	188 413	
Fines, Penalties and Forfeits	29	11 303	11 274	58
<b>Total revenue from non-exchange transactions</b>	<b>1 762 110</b>	<b>1 796 562</b>	<b>34 452</b>	
<b>Total revenue</b>	<b>5 476 964</b>	<b>5 102 947</b>	<b>(374 017)</b>	
<b>Expenditure</b>				
Employee related costs	(745 820)	(767 890)	(22 070)	58
Remuneration of councillors	(60 893)	(55 957)	4 936	58
Depreciation and amortisation	(409 043)	(379 806)	29 237	58
Impairment loss	(723 638)	(455 766)	267 872	58
Finance costs	(33 251)	(99 463)	(66 212)	58
Lease rentals on operating lease	-	(12 298)	(12 298)	58
Repairs and maintenance	(212 200)	(114 735)	97 465	58
Bulk purchases	(2 120 386)	(2 032 951)	87 435	58
Contracted Services	(227 951)	(222 425)	5 526	58
Transfers and Subsidies	(17 892)	(6 531)	11 361	58
General Expenses	(379 818)	(234 227)	145 591	58
<b>Total expenditure</b>	<b>(4 930 892)</b>	<b>(4 382 049)</b>	<b>548 843</b>	
<b>Operating surplus</b>	<b>546 072</b>	<b>720 898</b>	<b>174 826</b>	
Gain on disposal of assets	1 052	6	(1 046)	58
Fair value adjustments	-	43	43	58
Actuarial losses	-	(88 297)	(88 297)	58
	<b>1 052</b>	<b>(88 248)</b>	<b>(89 300)</b>	
<b>Surplus / (Deficit) before taxation</b>	<b>547 124</b>	<b>632 650</b>	<b>85 526</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>547 124</b>	<b>632 650</b>	<b>85 526</b>	

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Statement of Comparison of Budget and Actual Amounts

	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand thousand				
<b>Controlling entity</b>				
<b>Statement of Financial Performance</b>				
<b>Revenue</b>				
<b>Revenue from exchange transactions</b>				
Service charges	2 933 082	2 776 898	(156 184)	58
Rental of facilities and equipment	10 036	8 927	(1 109)	58
Interest received (trading)	415 054	389 582	(25 472)	58
Agency services	99 249	15 568	(83 681)	58
Licences and permits	289	6 678	6 389	58
Other income	14 763	14 100	(663)	58
Interest received (other)	20 284	24 495	4 211	58
<b>Total revenue from exchange transactions</b>	<b>3 492 757</b>	<b>3 236 248</b>	<b>(256 509)</b>	
<b>Revenue from non-exchange transactions</b>				
<b>Taxation revenue</b>				
Property rates	377 122	378 141	1 019	58
<b>Transfer revenue</b>				
Government grants & subsidies	1 384 959	1 218 705	(166 254)	58
Public contributions and donations	-	188 413	188 413	
Fines, Penalties and Forfeits	29	11 303	11 274	58
<b>Total revenue from non-exchange transactions</b>	<b>1 762 110</b>	<b>1 796 562</b>	<b>34 452</b>	
<b>Total revenue</b>	<b>5 254 867</b>	<b>5 032 810</b>	<b>(222 057)</b>	
<b>Expenditure</b>				
Employee related costs	(745 820)	(762 142)	(16 322)	58
Remuneration of councillors	(60 893)	(55 957)	4 936	58
Depreciation and amortisation	(372 193)	(347 298)	24 895	58
Impairment loss	(723 638)	(455 501)	268 137	58
Finance costs	(23 301)	(89 507)	(66 206)	58
Lease rentals on operating lease	-	(12 298)	(12 298)	58
Repairs and maintenance	(212 200)	(107 962)	104 238	58
Bulk purchases	(2 120 386)	(2 172 395)	(52 009)	58
Contracted Services	(227 951)	(222 425)	5 526	58
Transfers and Subsidies	(17 892)	(20 256)	(2 364)	58
General Expenses	(268 002)	(141 594)	126 408	58
<b>Total expenditure</b>	<b>(4 772 276)</b>	<b>(4 387 335)</b>	<b>384 941</b>	
<b>Operating surplus</b>	<b>482 591</b>	<b>645 475</b>	<b>162 884</b>	
Gain on disposal of assets	1 052	-	(1 052)	58
Fair value adjustments	-	43	43	58
Actuarial losses	-	(88 297)	(88 297)	58
	1 052	(88 254)	(89 306)	
<b>Surplus / (Deficit) before taxation</b>	<b>483 643</b>	<b>557 221</b>	<b>73 578</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>483 643</b>	<b>557 221</b>	<b>73 578</b>	

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Accounting Policies

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#### 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 30/06/2020

### Accounting Policies

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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.

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## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Accounting Policies

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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 instalments over the useful life of the property, which is as follows:

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

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

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

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

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

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

The following assets do not fall in the ambit of investment property and shall be classified as property, plant and equipment, inventory or non-current assets held for sale, as appropriate:

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

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 30/06/2020

### Accounting Policies

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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, its 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

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Accounting Policies

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.

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Accounting Policies

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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.

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Accounting Policies

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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.

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Accounting Policies

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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 unissued 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.

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Accounting Policies

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

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

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

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

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

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

#### Classification

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

Class	Category
Receivables from Exchange Transactions	Financial asset measured at amortised cost
Receivables from Non-exchange Transactions	Financial asset measured at amortised cost
Cash and Cash Equivalents	Financial asset measured at fair value
Investment	Financial asset measured at fair value 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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#### **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.

Respective 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 oversized or overcapacity asset. Oversized 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.

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#### Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity, or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity 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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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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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.

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#### Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

Collection charges are recognised when such amounts are legally enforceable (property rates). Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rate revenue already recognised are processed or additional rates revenue is recognised.

#### Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

The municipality has to types of fines, spot fines and summonses. The municipality recognise the full amount of revenue at the transaction date. Subsequent to initial recognition and measurement, the municipality assess the collectability of the revenue and recognise an impairment loss.

#### Government Grants and other grants

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

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

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

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

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#### 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 a 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.

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#### 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 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.

#### 1.30 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.

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.

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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.

#### 1.31 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.

#### 1.32 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.

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.

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#### 1.33 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.

#### 1.34 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.

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019

#### 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 01/07/2020 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104 (amended): Financial Instruments	01/04/2099	Unlikely there will be a material impact
• Guideline: Guideline on Accounting for Landfill Sites	01/04/2099	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	01/04/2099	Unlikely there will be a material impact
• IGRAP 20: Accounting for Adjustments to Revenue	01/04/2020	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01/04/2020	Unlikely there will be a material impact
• GRAP 34: Separate Financial Statements	01/04/2020	Unlikely there will be a material impact
• GRAP 35: Consolidated Financial Statements	01/04/2020	Unlikely there will be a material impact
• GRAP 36: Investments in Associates and Joint Ventures	01/04/2020	Unlikely there will be a material impact
• GRAP 37: Joint Arrangements	01/04/2020	Unlikely there will be a material impact
• GRAP 38: Disclosure of Interests in Other Entities	01/04/2020	Unlikely there will be a material impact
• GRAP 110 (as amended 2018): Living and Non-living Resources	01/04/2020	Unlikely there will be a material impact
• IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue	01/04/2020	Unlikely there will be a material impact
• GRAP 18 (as amended 2016): Segment Reporting	01/04/2020	Unable to reliably estimate the impact

#### 3. Investment property

Economic entity	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	166 517	(9 080)	157 437	177 273	(10 756)	166 517

Controlling entity	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	166 517	(9 080)	157 437	177 273	(10 756)	166 517

##### Reconciliation of investment property - Economic entity - 2020

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## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019

#### 3. Investment property (continued)

	Opening balance	Depreciation	Total
Investment property	166 517	(9 080)	157 437

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

	Opening balance	Impairments	Depreciation	Total
Investment property	177 273	(445)	(10 311)	166 517

#### Reconciliation of investment property - Controlling entity - 2020

	Opening balance	Depreciation	Total
Investment property	166 517	(9 080)	157 437

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

	Opening balance	Impairments	Depreciation	Total
Investment property	177 273	(445)	(10 311)	166 517

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

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity			Controlling entity		
	2020	2019		2020	2019	
<b>4. Property, plant and equipment</b>						
<b>Economic entity</b>	<b>2020</b>			<b>2019</b>		
	<b>Cost / Valuation</b>	<b>Accumulated depreciation and accumulated impairment</b>	<b>Carrying value</b>	<b>Cost / Valuation</b>	<b>Accumulated depreciation and accumulated impairment</b>	<b>Carrying value</b>
Land	1 612 012	-	1 612 012	1 424 029	-	1 424 029
Buildings	1 470 401	(1 152 797)	317 604	1 454 506	(1 092 045)	362 461
Plant and machinery	62 462	(48 598)	13 864	61 953	(44 793)	17 160
Furniture and fixtures	20 000	(18 221)	1 779	20 000	(17 252)	2 748
Motor vehicles	150 723	(53 017)	97 706	151 248	(40 930)	110 318
Office equipment	61 597	(36 448)	25 149	59 316	(32 080)	27 236
Bins and containers	1 838	(1 516)	322	1 838	(1 400)	438
Other	2 815	(2 678)	137	2 815	(2 530)	285
Electrical Equipment	11 322	-	11 322	27 080	-	27 080
Emergency Equipment	3 668	(3 523)	145	3 668	(3 467)	201
Specialised vehicles	88 943	(29 217)	59 726	86 010	(24 934)	61 076
Infrastructure - Sewerage	1 028 588	(579 649)	448 939	1 016 168	(552 332)	463 836
Infrastructure - Electricity	1 386 776	(655 197)	731 579	1 338 240	(617 512)	720 728
Infrastructure - Roads and Transport	6 487 180	(2 535 628)	3 951 552	6 091 077	(2 446 798)	3 644 279
Infrastructure - Water	1 369 567	(907 291)	462 276	1 322 802	(849 249)	473 553
Infrastructure - Work in progress	749 770	-	749 770	930 392	-	930 392
Rustenburg Water Services Trust Bulk Water Assets	1 243 174	(643 984)	599 190	1 219 002	(613 833)	605 169
<b>Total</b>	<b>15 750 836</b>	<b>(6 667 764)</b>	<b>9 083 072</b>	<b>15 210 144</b>	<b>(6 339 155)</b>	<b>8 870 989</b>
<b>Controlling entity</b>	<b>2020</b>			<b>2019</b>		
	<b>Cost / Valuation</b>	<b>Accumulated depreciation and accumulated impairment</b>	<b>Carrying value</b>	<b>Cost / Valuation</b>	<b>Accumulated depreciation and accumulated impairment</b>	<b>Carrying value</b>
Land	1 612 012	-	1 612 012	1 424 029	-	1 424 029
Buildings	1 470 401	(1 152 797)	317 604	1 454 506	(1 092 045)	362 461
Plant and machinery	62 462	(48 598)	13 864	61 953	(44 793)	17 160
Furniture and fixtures	20 000	(18 221)	1 779	20 000	(17 252)	2 748
Motor vehicles	150 723	(53 017)	97 706	151 248	(40 930)	110 318
Office equipment	61 597	(36 448)	25 149	59 316	(32 080)	27 236
Bins and containers	1 838	(1 516)	322	1 838	(1 400)	438
Other	2 815	(2 678)	137	2 815	(2 530)	285
Electrical Equipment	11 322	-	11 322	27 080	-	27 080
Emergency Equipment	3 668	(3 523)	145	3 668	(3 467)	201
Specialised vehicles	88 943	(29 217)	59 726	86 010	(24 934)	61 076
Infrastructure - Sewerage	1 028 588	(579 649)	448 939	1 016 168	(552 332)	463 836
Infrastructure - Electricity	1 386 776	(655 197)	731 579	1 338 240	(617 512)	720 728
Infrastructure - Roads and Transport	6 487 180	(2 535 628)	3 951 552	6 091 077	(2 446 798)	3 644 279
Infrastructure - Water	1 369 567	(907 291)	462 276	1 322 802	(849 249)	473 553
Infrastructure - Work in progress	749 770	-	749 770	930 392	-	930 392
<b>Total</b>	<b>14 507 662</b>	<b>(6 023 780)</b>	<b>8 483 882</b>	<b>13 991 142</b>	<b>(5 725 322)</b>	<b>8 265 820</b>

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/09/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand

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

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

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	1 424 029	188 413	(430)	-	-	-	-	1 612 012
Buildings	362 461	15 895	-	-	-	(80 752)	-	317 604
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	265	-	-	-	-	(146)	-	119
Electrical Equipment	27 060	-	-	-	(15 756)	-	-	11 304
Emergency Equipment	201	-	-	-	-	(56)	-	145
Specialised vehicles	61 076	3 509	(578)	-	-	(4 283)	-	59 724
Infrastructure - Sewerage	463 656	12 420	-	-	-	(27 317)	-	448 759
Infrastructure - Electricity	720 728	48 636	-	-	-	(37 665)	-	731 699
Infrastructure - Roads and Transport	3 644 279	397 733	-	-	-	(90 480)	-	3 951 532
Infrastructure - Water	473 563	57 428	-	-	-	(68 705)	-	462 286
Work in progress	930 362	351 560	-	(532 012)	-	-	-	749 910
Rustenburg Water Trust Bulk Water Assets	605 169	27 272	-	-	-	(32 508)	(743)	599 190
	<b>8 870 989</b>	<b>1 165 533</b>	<b>(1 679)</b>	<b>(532 012)</b>	<b>(15 758)</b>	<b>(343 258)</b>	<b>(743)</b>	<b>9 083 072</b>

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand

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

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

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	1 425 557	-	(1 528)	-	-	-	-	1 424 029
Buildings	461 232	-	-	-	-	(96 112)	(2 650)	362 461
Plant and machinery	5 888	14 981	(4)	-	-	(3 685)	-	17 180
Furniture and fixtures	3 751	314	-	-	-	(1 317)	-	2 748
Motor vehicles	18 622	105 232	(1 954)	-	-	(11 482)	-	110 318
Office equipment	28 169	4 608	(69)	-	-	(5 472)	-	27 236
Bins and containers	568	-	-	-	-	(130)	-	438
Other	466	-	-	-	-	(181)	-	285
Electrical Equipment	15 524	-	-	-	11 556	-	-	27 080
Emergency Equipment	332	-	-	-	-	(131)	-	201
Specialised vehicles	12 724	54 890	(2 203)	-	-	(4 335)	-	61 076
Infrastructure - Sewerage	481 437	9 134	-	-	-	(26 468)	(267)	463 836
Infrastructure - Electricity	752 158	5 752	-	-	-	(37 182)	-	720 728
Infrastructure - Roads and Transport	3 378 063	422 820	-	-	-	(156 604)	-	3 644 279
Infrastructure - Water	457 488	78 023	-	-	-	(61 963)	-	473 548
Work in progress	1 014 847	420 614	-	(505 069)	-	-	-	930 392
Rustenburg Water Trust Bulk Water Assets	591 243	53 254	-	-	-	(38 674)	(654)	605 169
	<b>8 647 949</b>	<b>1 169 627</b>	<b>(5 758)</b>	<b>(505 069)</b>	<b>11 556</b>	<b>(443 736)</b>	<b>(3 580)</b>	<b>8 870 989</b>

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand

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

##### Reconciliation of property, plant and equipment - Controlling entity - 2020

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Total
Land	1 424 029	188 413	(430)	-	-	-	1 612 012
Buildings	362 461	15 895	-	-	-	(60 752)	317 604
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	-	-	-	-	(145)	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	720 728	48 536	-	-	-	(37 685)	731 579
Infrastructure - Roads and Transport	3 644 279	397 733	-	-	-	(90 460)	3 951 552
Infrastructure - Water	473 553	57 428	-	-	-	(68 705)	462 276
Work in progress	930 392	351 390	-	(532 012)	-	-	749 770
	<b>8 265 820</b>	<b>1 078 261</b>	<b>(1 679)</b>	<b>(532 012)</b>	<b>(15 758)</b>	<b>(310 750)</b>	<b>8 483 882</b>

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand

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

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

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	1 425 557	-	(1 528)	-	-	-	-	1 424 029
Buildings	461 232	-	-	-	-	(98 112)	(2 659)	362 461
Plant and machinery	5 895	14 991	(4)	-	-	(3 895)	-	17 180
Furniture and fixtures	3 751	314	-	-	-	(1 317)	-	2 748
Motor vehicles	18 522	105 232	(1 954)	-	-	(11 492)	-	110 318
Office equipment	28 169	4 608	(69)	-	-	(5 472)	-	27 236
Bins and containers	588	-	-	-	-	(130)	-	438
Other	486	-	-	-	-	(181)	-	285
Electrical Equipment	15 524	-	-	-	11 556	-	-	27 080
Emergency Equipment	332	-	-	-	-	(131)	-	201
Specialised vehicles	12 724	54 990	(2 203)	-	-	(4 335)	-	61 076
Infrastructure - Sewerage	491 437	9 134	-	-	-	(26 495)	(267)	463 938
Infrastructure - Electricity	752 156	5 752	-	-	-	(37 182)	-	720 726
Infrastructure - Roads and Transport	3 378 093	422 820	-	-	-	(158 604)	-	3 644 279
Infrastructure - Water	457 488	78 028	-	-	-	(61 983)	-	473 533
Infrastructure - Work in progress	1 014 647	420 614	-	(505 069)	-	-	-	930 192
	<b>8 956 706</b>	<b>1 116 373</b>	<b>(5 758)</b>	<b>(505 069)</b>	<b>11 556</b>	<b>(405 062)</b>	<b>(2 926)</b>	<b>8 265 826</b>

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019
<b>4. Property, plant and equipment (continued)</b>				
<b>Property, plant and equipment in the process of being constructed or developed</b>				
<b>Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected</b>				
Upgrading of the bulk sewer lines to the WWTW (Western Area) [Project suspended due to non performance by the contractor]	13 547	10 027	13 547	10 027
Boschdal Water Supply (Infra, Water) [Project suspended due to non performance by the contractor]	2 231	2 231	2 231	2 231
Fleet Services [Contract under litigation]	17 095	17 095	17 095	17 095
Marikana Waste Transfer Station - Construction R (Land & Bld, Solid waste fac) [Contract terminated due to non performance by the contractor]	39 096	38 041	39 096	38 041
Motor City Substation - Phase 2 (Infr, Elec) [Project delays due to contractual disagreements]	13 137	13 137	13 137	13 137
Rustenburg - (Incl - Extensions) Replacement Of Water Ac Pipes (Infra, Water) [Project delays due to contractual disagreements]	21 470	20 838	21 470	20 838
Rtb & Extensions - Upgrading Of Water Meters And Aged Connections (Infra, Water) [Project delays due to contractual disagreements]	15 241	15 033	15 241	15 033
Waterkloof Substation-Inter Connection To New Eskom Switching Station . (Infra) [Project delays due to contractual disagreements]	48 940	48 940	48 940	48 940
Construction Of RRT Station - Contractor A (Land & Bld, Comm) [Project delays due to contractual disagreements] [Contract terminated due to non performance by the contractor]	168 251	84 244	168 251	84 244
	<b>339 008</b>	<b>249 586</b>	<b>339 008</b>	<b>249 586</b>

#### 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	15 058	21 009	15 058	21 009
Infrastructure - Electricity	60 495	22 136	60 495	22 136
Infrastructure - Roads	8 879	17 834	8 879	17 834
Infrastructure - Sewerage	662	296	662	296
Infrastructure - Water	15 638	29 286	15 638	29 286
Office Equipment	7 230	3 151	7 230	3 151
Plant and Machinery	-	2 602	-	2 602
Rustenburg Water Services Trust Bulk Water Assets	6 773	9 757	-	-
	<b>114 735</b>	<b>106 071</b>	<b>107 962</b>	<b>96 314</b>

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Work in progress consists of buildings and infrastructure.

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019

#### 5. Intangible assets

Economic entity	2020			2019		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	34	(8)	26	52	(18)	34

Controlling entity	2020			2019		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	34	(8)	26	52	(18)	34

#### Reconciliation of intangible assets - Economic entity - 2020

	Opening balance	Amortisation	Total
Computer software, other	34	(8)	26

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

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

#### Reconciliation of intangible assets - Controlling entity - 2020

	Opening balance	Amortisation	Total
Computer software, other	34	(8)	26

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

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

#### 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

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019

#### 6. Heritage assets

Economic entity	2020			2019		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Ox Wagon	150	-	150	150	-	150
Historical statue	1 100	-	1 100	1 100	-	1 100
Jewellery	119	-	119	119	-	119
<b>Total</b>	<b>1 369</b>	<b>-</b>	<b>1 369</b>	<b>1 369</b>	<b>-</b>	<b>1 369</b>

Controlling entity	2020			2019		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Ox Wagon	150	-	150	150	-	150
Historical statue	1 100	-	1 100	1 100	-	1 100
Jewellery	119	-	119	119	-	119
<b>Total</b>	<b>1 369</b>	<b>-</b>	<b>1 369</b>	<b>1 369</b>	<b>-</b>	<b>1 369</b>

#### Reconciliation of heritage assets Economic entity - 2020

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

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

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

#### Reconciliation of heritage assets Controlling entity - 2020

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

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

	Opening balance	Total
Ox Wagon	150	150

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019
<b>6. Heritage assets (continued)</b>				
Historical statue			1 100	1 100
Jewellery			119	119
			<b>1 369</b>	<b>1 369</b>

### 7. Investments

Name of company	Held by	Carrying amount 2020	Carrying amount 2019	Carrying amount 2020	Carrying amount 2019
Listed Shares - Sanlam		775	1 037	775	1 037
Unlisted - Municipal Entity		-	-	1	1
		<b>775</b>	<b>1 037</b>	<b>776</b>	<b>1 038</b>

#### Detail

Market value of listed investments is R775; (2019: R1 037).

### 8. Finance lease receivables

#### Present value of minimum lease payments due

- within one year	-	-	251	206
- in second to fifth year inclusive	-	-	1 593	1 342
- later than five years	-	-	-	502
	-	-	<b>1 844</b>	<b>2 050</b>
Non-current assets	-	-	1 593	1 844
Current assets	-	-	251	206
	-	-	<b>1 844</b>	<b>2 050</b>

#### Leasing Arrangements

A finance lease was granted to the entity (RWST) for sewerage plant transferred by the municipality to the RWST. The lease is repayable over twenty years, in half yearly payments at the end of June and December, with the last instalment due on 30 June 2025. The interest rate implicit in the lease is 11%. All leases are denominated in Rand Currency Unit.

Management of the municipality is of the opinion that the carrying value of finance lease receivables recorded at amortised cost in the annual financial statements approximate their fair values.

### 9. Operating lease asset (liability)

Current assets	65	78	65	78
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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:

Balance at beginning of year	78	121	78	121
Operating Lease Revenue recorded	(13)	(43)	(13)	(43)
	<b>65</b>	<b>78</b>	<b>65</b>	<b>78</b>

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019
<b>9. Operating lease asset (liability) (continued)</b>				
Up to 1 year	31	28	31	28
2 to 5 years	80	110	80	110
	<b>111</b>	<b>138</b>	<b>111</b>	<b>138</b>

#### Total Operating Lease Arrangements:

The impact of charging the escalations in Operating Leases on a straight-line basis over the lease through the Statement of Financial Performance is an increase in current year income of R13 (2019: R43)

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

#### 10. Employee benefit obligations

##### Defined benefit plan

##### Post-retirement Health Care Benefits Liability

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2020 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)	1 377	1 293	1 377	1 293
In-service Non-members (Employees)	411	434	411	434
Continuation Members (Retirees, widowers and orphans)	124	133	124	133
	<b>1 912</b>	<b>1 860</b>	<b>1 912</b>	<b>1 860</b>

##### The liability in respect of past

	<b>142 635</b>	<b>96 711</b>	<b>142 635</b>	<b>96 711</b>
In-service Members	80 621	31 050	80 621	31 050
Continuation Members	58 398	63 672	58 398	63 672
In-service: Non members	3 616	1 989	3 616	1 989

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

- Bonitas
- Hosmed
- Keyhealth
- LA Health
- Samwumed

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019

#### 10. Employee benefit obligations (continued)

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

Carrying value				
Present value of the defined benefit obligation	(142 635)	(96 711)	(142 635)	(96 711)
Non-current liabilities	(136 780)	(90 640)	(136 780)	(90 640)
Current liabilities	(5 855)	(6 071)	(5 855)	(6 071)
	<b>(142 635)</b>	<b>(96 711)</b>	<b>(142 635)</b>	<b>(96 711)</b>

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

Opening balance	96 711	89 771	96 711	89 771
Benefits paid	(5 511)	(5 478)	(5 511)	(5 478)
Net (income)/expense recognised in the statement of financial performance	51 435	12 416	51 435	12 416
	<b>142 635</b>	<b>96 711</b>	<b>142 635</b>	<b>96 711</b>

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

Current service cost	1 925	1 880	1 925	1 880
Interest cost	8 353	8 046	8 353	8 046
Actuarial (gains) losses	41 157	2 490	41 157	2 490
	<b>51 435</b>	<b>12 416</b>	<b>51 435</b>	<b>12 416</b>

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019

#### 10. Employee benefit obligations (continued)

##### Key assumptions used

Assumptions used at the reporting date:

Discount rates used	10,47 %	8,91 %	10,47 %	8,91 %
Health Care Cost Inflation Rate	6,52 %	6,47 %	6,52 %	6,47 %
Net Effective Discount Rate - Health care cost inflation	3,71 %	2,29 %	3,71 %	2,29 %
Maximum Subsidy Inflation Rate	4,52 %	4,48 %	4,52 %	4,48 %
Net Effective Discount Rate - Maximum subsidy inflation rate	5,70 %	4,24 %	5,70 %	4,24 %

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 10.47% per annum has been used. The corresponding index linked yield at this term is 4.71%. 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 2020.

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	60	62	60
Expected Retirement Age - Male	62	60	62	60
	-	-	-	-

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019

#### 10. Employee benefit obligations (continued)

##### Other assumptions

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

	30 June 2016	30 June 2017	30 June 2018	30 June 2019	30 June 2020
Accrued liability	89 936	88 483	89 771	96 711	142 636
Actuarial Gains / (Losses)	(4 011)	6 619	3 461	(2 490)	(41 157)
	-	-	-	-	-

Sensitivity Analysis on Current-service and interest cost for the year ending 30 June 2020	Current-service cost	Interest cost	Total
Central Assumptions	1 925	8 352	10 277
Health care inflation (+1%)	2 160	8 847	11 007
Health care inflation (-1%)	1 674	7 781	9 455
Discount rate (+1%)	1 658	8 403	10 061
Discount rate (-1%)	2 258	8 258	10 516
Post-retirement mortality (-1 years)	1 975	8 630	10 605
Average retirement age (-1 year)	1 963	8 685	10 648
Continuation of membership at retirement	1 252	7 309	8 561
	-	-	-

Sensitivity Analysis on the Accrued Liability - Assumptions & Change for the year ending 30 June 2020	In-service	Retired	Total
Central Assumptions	-	84 236	58 397
Health care inflation (+1%)	-	93 323	60 381
Health care inflation (-1%)	-	73 368	55 859
Discount rate (+1%)	-	71 288	54 138
Discount rate (-1%)	-	100 709	63 316
Post-retirement mortality (+1 years)	-	82 289	56 582
Average retirement age (-1 years)	-	92 461	58 398
Continuation of membership at retirement (-10%)	-	68 067	58 398
	-	-	-

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

Opening balance	142 636
Estimate - benefits to be paid	(5 855)
Estimate - Net (income) / expense	21 223
Estimate Balance - 30 June 2021	158 004

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019

#### 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	5 291	17 497	5 291	17 497
Water	605	542	605	542
Unsold Properties Held for Resale	24 499	24 499	24 499	24 499
	<b>30 395</b>	<b>42 538</b>	<b>30 395</b>	<b>42 538</b>

#### 13. Receivables from exchange transactions

Prepaid expenses	48 886	46	48 886	-
Consumer debtors - Electricity	162 828	85 284	162 828	85 284
Consumer debtors - Water	113 045	14 495	91 450	2 745
Consumer debtors - Sewerage	6 981	21	6 981	21
Consumer debtors - Refuse	9 149	19	9 149	19
Consumer debtors - Other	245 545	1 460	245 545	1 460
	<b>586 434</b>	<b>101 325</b>	<b>564 848</b>	<b>89 529</b>

##### Fair value of trade and other receivables

Trade and other receivables	586 434	101 325	564 848	89 529
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## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019
<b>13. Receivables from exchange transactions (continued)</b>				
<b>Receivables from exchange transactions past due but not impaired</b>				
At 30 June 2020, R409 183 (2019: R11 087) were past due but not impaired.				
The ageing of amounts past due but not impaired is as follows:				
2 months past due	409 183	11 087	409 183	11 087
<b>Trade and other receivables impaired</b>				
As of 30/06/2020, Receivables from exchange transactions of R4 804 758 (2019: R4 371 059) were impaired and provided for.				
<b>14. Receivables from non-exchange transactions</b>				
Fines	11 255	6 368	11 255	6 368
Sundry Debtors	4 785	868	4 785	868
Insurance Claims	694	694	694	694
Consumer debtors - Rates	14 295	65	14 295	65
	<b>31 029</b>	<b>7 995</b>	<b>31 029</b>	<b>7 995</b>
Gross Balance - Fines	78 366	67 088	78 366	67 088
Allowance for Impairment - Fines	(67 111)	(60 700)	(67 111)	(60 700)
<b>Net Balance - Fines</b>	<b>11 255</b>	<b>6 368</b>	<b>11 255</b>	<b>6 368</b>

The average credit period for Receivables is 30 days. No interest is charged for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate, charged by the municipality's banker, plus two percent per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Receivables.

The management of the municipality is of the opinion that the carrying value of Receivables approximate their fair values

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

At 30/06/2020, R8 252 (2019: R2 ) were past due but not impaired.

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

2 months past due	8 252	2	8 252	2
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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.

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019

#### 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	383 627	313 801	383 627	313 801
Consumer debtors - Electricity	989 525	873 380	989 525	873 380
Consumer debtors - Water	1 639 358	1 391 840	1 617 772	1 380 090
Consumer debtors - Sewerage	417 240	353 378	417 240	353 378
Consumer debtors - Refuse	448 120	373 612	448 120	373 612
Consumer debtors - Other	1 848 063	1 480 128	1 848 063	1 480 128
	<b>5 725 933</b>	<b>4 786 139</b>	<b>5 704 347</b>	<b>4 774 389</b>

##### Less: Allowance for impairment

Consumer debtors - Rates	(369 332)	(313 736)	(369 332)	(313 736)
Consumer debtors - Electricity	(826 697)	(788 096)	(826 697)	(788 096)
Consumer debtors - Water	(1 526 313)	(1 377 345)	(1 526 313)	(1 377 345)
Consumer debtors - Sewerage	(410 259)	(353 357)	(410 259)	(353 357)
Consumer debtors - Refuse	(438 971)	(373 593)	(438 971)	(373 593)
Consumer debtors - Other	(1 602 518)	(1 478 668)	(1 602 518)	(1 478 668)
	<b>(5 174 090)</b>	<b>(4 684 795)</b>	<b>(5 174 090)</b>	<b>(4 684 795)</b>

##### Net balance

Consumer debtors - Rates	14 295	65	14 295	65
Consumer debtors - Electricity	162 828	85 284	162 828	85 284
Consumer debtors - Water	113 045	14 496	91 459	2 745
Consumer debtors - Sewerage	6 981	21	6 981	21
Consumer debtors - Refuse	9 149	19	9 149	19
Consumer debtors - Other	245 545	1 460	245 545	1 460
	<b>551 843</b>	<b>101 344</b>	<b>530 257</b>	<b>89 594</b>

##### Rates

Current (0 -30 days)	4 607	54	4 607	54
31 - 60 days	1 435	9	1 435	9
61 - 90 days	973	2	973	2
> 90 days	7 280	-	7 280	-
	<b>14 295</b>	<b>65</b>	<b>14 295</b>	<b>65</b>

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019
<b>15. Consumer debtors disclosure (continued)</b>				
<b>Electricity</b>				
Current (0 -30 days)	69 708	63 323	69 708	63 323
31 - 60 days	7 714	11 372	7 714	11 372
61 - 90 days	24 626	10 569	24 626	10 569
> 90 days	60 780	-	60 780	-
	<b>162 828</b>	<b>85 284</b>	<b>162 828</b>	<b>85 284</b>
<b>Water</b>				
Current (0 -30 days)	34 028	14 478	12 442	2 728
31 - 60 days	3 740	14	3 740	14
61 - 90 days	1 228	3	1 228	3
91 - 120 days	74 049	-	74 049	-
	<b>113 045</b>	<b>14 495</b>	<b>91 459</b>	<b>2 745</b>
<b>Sewerage</b>				
Current (0 -30 days)	1 084	17	1 084	17
31 - 60 days	517	3	517	3
61 - 90 days	325	1	325	1
> 90 days	5 055	-	5 055	-
	<b>6 981</b>	<b>21</b>	<b>6 981</b>	<b>21</b>
<b>Refuse</b>				
Current (0 -30 days)	953	15	953	15
31 - 60 days	439	3	439	3
61 - 90 days	271	1	271	1
> 90 days	7 486	-	7 486	-
	<b>9 149</b>	<b>19</b>	<b>9 149</b>	<b>19</b>
<b>Other</b>				
Current (0 -30 days)	6 536	408	6 536	408
31 - 60 days	3 647	558	3 647	558
61 - 90 days	1 890	494	1 890	494
> 90 days	233 472	-	233 472	-
	<b>245 545</b>	<b>1 460</b>	<b>245 545</b>	<b>1 460</b>

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019
<b>15. Consumer debtors disclosure (continued)</b>				
<b>Summary of debtors by customer classification</b>				
<b>Household and Other</b>				
Current (0 -30 days)	157 108	134 106	157 108	134 106
31 - 60 days	118 097	97 796	118 097	97 796
61 - 90 days	87 402	90 548	87 402	90 548
> 90 days	4 513 192	3 728 214	4 513 192	3 728 214
	<b>4 875 799</b>	<b>4 050 664</b>	<b>4 875 799</b>	<b>4 050 664</b>
Less: Allowance for impairment	(4 737 111)	(4 050 497)	(4 737 111)	(4 050 497)
	<b>138 688</b>	<b>167</b>	<b>138 688</b>	<b>167</b>
<b>Industrial/ commercial</b>				
Current (0 -30 days)	134 567	238 895	112 982	173 523
31 - 60 days	27 605	56 196	27 605	56 196
61 - 90 days	34 799	43 492	34 799	43 492
> 90 days	511 581	334 155	511 581	334 155
	<b>708 562</b>	<b>672 538</b>	<b>686 967</b>	<b>607 366</b>
Less: Allowance for impairment	(304 994)	(571 361)	(304 994)	(517 940)
	<b>403 558</b>	<b>101 177</b>	<b>381 973</b>	<b>89 426</b>
<b>National and provincial government</b>				
Current (0 -30 days)	6 766	6 239	6 766	6 239
31 - 60 days	5 143	4 178	5 143	4 178
61 - 90 days	2 790	2 757	2 790	2 757
> 90 days	126 882	103 184	126 882	103 184
	<b>141 581</b>	<b>116 358</b>	<b>141 581</b>	<b>116 358</b>
Less: Allowance for impairment	(131 985)	(116 358)	(131 985)	(116 358)
	<b>9 596</b>	<b>-</b>	<b>9 596</b>	<b>-</b>
<b>16. Cash and cash equivalents</b>				
Cash and cash equivalents consist of:				
Cash on hand	13	13	13	13
Bank balances	408 172	(57 207)	393 400	(57 349)
Short-term deposits	77 185	218 351	21 926	129 718
	<b>485 370</b>	<b>161 157</b>	<b>415 339</b>	<b>72 380</b>

The management of the municipality is of the opinion that the carrying value of Current Investment Deposits, Bank Balances and Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019

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

The economic entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30/06/2020	30/06/2019	30/06/2018	30/06/2020	30/06/2019	30/06/2018
Primary Bank Account - ABSA - Main Branch Rustenburg - Account Number 1220000458	19 297	29 712	24 287	(74 017)	(348 951)	8 328
Landfill Bank Account - ABSA - Account Number 4093972008	1 174	623	-	1 174	623	-
Housing Bank Account - ABSA - Main Branch Rustenburg - 4054617192	136 117	50 283	215	136 117	50 283	215
Reserves Bank Account - ABSA - Main Branch Rustenburg - 9 330627743	34 362	100 878	82 571	34 118	100 878	82 571
Deposits Bank Account - ABSA - Main Branch Rustenburg - 9330627793	796	676	3 452	794	676	3 452
Conditional Grants Bank Account - ABSA - Main Branch Rustenburg - 9330627858	284 167	115 899	1 518	283 181	115 899	1 518
Traffic Fines Bank Account - ABSA - Main Branch Rustenburg - 4050672659	12 033	23 243	-	12 033	23 243	-
Distribution Reserve Account - ABSA - Account number 4061024001	5 917	52	5 257	5 917	52	5 257
Distribution Call Account - ABSA - Account number 4077517288	8 855	48	17 950	8 855	48	17 950
Debt Service Reserve Account - ABSA - Account number 4061023877	-	35	35	-	35	35
Contingent Reserve Account - ABSA - Account number 4061024116	-	6	7	-	6	7
Industrial Reserve Account - ABSA - Account number 4061024051	-	1	1	-	1	1
ABSA - Main Branch Rustenburg - 4071196779	-	-	-	-	-	-
<b>Total</b>	<b>502 718</b>	<b>321 456</b>	<b>135 293</b>	<b>408 172</b>	<b>(57 207)</b>	<b>119 334</b>

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019
Absa Call Account	332	109 255	332	109 255
Absa	60 590	93 754	5 331	5 119
Standard Bank	575	558	575	558
Kagiso Asset Management	6 489	6 153	6 489	6 153
Sanlam	8 609	8 041	8 609	8 041
Absa Guarantee Deposits	590	590	590	590

## Rustenburg Local Municipality

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### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019
<b>16. Cash and cash equivalents (continued)</b>				
<b>Total</b>	<b>77 185</b>	<b>218 351</b>	<b>21 926</b>	<b>129 716</b>
<b>Guarantees</b>				
Guarantees reflected above in the Gaurantee deposit of ABSA to the value of R590 (2019:R500) are ceded in favour of third parties.				
Financial Guarantee R2 163				
Financial Guarantee - (Local Documented Product - Guarantees) R26 782				
<b>Facilities</b>				
Leases (Full maintenance lease) R200 000				
<b>17. Revaluation reserve</b>				
Opening balance	266 138	266 339	-	-
Impairment adjustment for the year	(477)	(175)	-	-
Revaluation Surplus	(308)	(26)	-	-
	<b>265 353</b>	<b>266 138</b>	<b>-</b>	<b>-</b>
<b>18. Finance lease obligation</b>				
<b>Minimum lease payments due</b>				
- within one year	4 871	7 719	4 871	7 719
- in second to fifth year inclusive	-	4 871	-	4 871
<b>Present value of minimum lease payments</b>	<b>4 871</b>	<b>12 590</b>	<b>4 871</b>	<b>12 590</b>
Non-current liabilities	-	4 871	-	4 871
Current liabilities	4 871	7 719	4 871	7 719
	<b>4 871</b>	<b>12 590</b>	<b>4 871</b>	<b>12 590</b>

Finance Lease Liabilities relates to IT Equipment with lease terms of 36 months. The effective interest rates on Finance Leases is 10%. Capitalised Lease Liabilities are secured over the items of IT equipment leased.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets.

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019
<b>19. Unspent conditional grants and receipts</b>				
Unspent conditional grants and receipts comprises of:				
<b>Unspent conditional grants and receipts</b>				
National Government Grants - Department of Water, Agriculture and Forestry (DWAF)	358	358	358	358
National Government Grants - Skills Levy	572	572	572	572
National Government Grants - Municipal Infrastructure Grant (MIG)	5 414	8 500	5 414	8 500
Provincial Government Grants - Department of Sports, Arts and Culture (DSAC Library)	2 917	2 899	2 917	2 899
Provincial Government Grants - Housing Project Account	15 308	15 308	15 308	15 308
Provincial Government Grants - Department Sports, Arts and Culture (DSAC)	35	35	35	35
Provincial Government Grants - COGTA	2 017	4 031	2 017	4 031
Provincial Government Grants - LG Seta	2 185	1 188	2 185	1 188
Local: BPDM: Cleaning of cemeteries/ LED business plans and other	13	50 013	13	50 013
Other: Royal Bafokeng: Western By-pass	4 564	4 564	4 564	4 564
Other: National Lottery	12	12	12	12
Other: Seed Funding	422	422	422	422
Other	7 544	7 544	7 544	7 544
Other: Grant Renovation Old Marikana House	7	7	7	7
Other: NSCOOP	89	89	89	89
National Government Grants - Public Transport Network Grant (PTNG)	125 856	182 810	125 856	182 810
National Government Grants - Municipal Water Infrastructure Grant (MWIG)	6 589	12 462	6 589	12 462
Provincial Government Grants - DPLG Housing	443	443	443	443
National Government Grants - Integrated National Electrification Programme (INEP)	6 720	-	6 720	-
National Government Grants - Neighbourhood Development Programme (NDP)	17 716	5 000	17 716	5 000
	<b>198 759</b>	<b>296 055</b>	<b>198 759</b>	<b>296 055</b>

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

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019
<b>20. Other financial liabilities</b>				
<b>At amortised cost</b>				
INCA The loan is repayable in equal installments of R4 002 at the end of February and August every year, with final installment payable 29 February 2024. The loan bears interest at 13.82%	25 084	29 517	25 084	29 517
ABSA Loan 30-1798-1971 The loan is repayable in installments of R1 448 payable at the end of May and November, with the final installment payable 31 May 2020. The loan bears interest at 11.73%	2 059	3 230	2 059	3 230
ABSA Loan 30-1798-2317 The loan is repayable in installments of R1 456 payable at the end of May and November, with the final installment payable 30/06/2021. The loan bears interest at 11.95%	6 041	7 789	6 041	7 789
ABSA Loan 30-2238-2516 The loan is repayable in installments of R1 489 payable at the end of May and November, with the final installment payable 30/06/2022. The loan bears interest at 11.95%	7 932	7 373	7 932	7 373
DBSA Loan 61007193 The loan is repayable in 6 monthly installments in December and June, with the redemption date of 2 July 2029. The loan bears interest at 9.90%	249 036	244 663	249 036	244 663
DBSA Loan 61007264 The loan is repayable in 6 monthly installments in December and June, with the redemption date of 28 June 2030. The loan bears interest at 10.07%	129 937	127 015	129 937	127 015
ABSA Loan The loan is repayable in 6 monthly installments of R20 573, with the redemption date of 30 June 2025. The loan bears interest of 12.34%	54 751	85 941	-	-
	<b>474 840</b>	<b>505 528</b>	<b>420 089</b>	<b>419 587</b>
<b>Total other financial liabilities</b>	<b>474 840</b>	<b>505 528</b>	<b>420 089</b>	<b>419 587</b>
The management of the municipality is of the opinion that the carrying value of Other financial liabilities recorded at amortised cost in the Consolidated Financial Statements approximate their fair value.				
<b>Non-current liabilities</b>				
At amortised cost	367 715	440 533	348 253	385 782
<b>Current liabilities</b>				
At amortised cost	107 125	64 995	71 836	33 805

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019

#### 21. Provisions

##### 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
	<b>156 392</b>	<b>48 228</b>	<b>204 620</b>

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

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	116 157	11 778	-	127 935
Long Service Awards	48 159	4 554	(24 256)	28 457
	<b>164 316</b>	<b>16 332</b>	<b>(24 256)</b>	<b>156 392</b>

##### Reconciliation of provisions - Controlling entity - 2020

	Opening Balance	Additions	Total
Environmental rehabilitation	127 935	136	128 071
Long Service Awards	28 457	48 092	76 549
	<b>156 392</b>	<b>48 228</b>	<b>204 620</b>

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

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	116 157	11 778	-	127 935
Long Service Awards	48 159	4 554	(24 256)	28 457
	<b>164 316</b>	<b>16 332</b>	<b>(24 256)</b>	<b>156 392</b>
Non-current liabilities	77 192	31 259	77 192	31 259
Current liabilities	127 428	125 133	127 428	125 133
	<b>204 620</b>	<b>156 392</b>	<b>204 620</b>	<b>156 392</b>

##### 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 29 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.

##### Long Service Awards

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable to employees after 10 years of continuous service, and every 5 years of continuous service from 10 years of service to 45 years of service. The provision is an estimate of the long service based on historical staff turnover. Additional cash/gifts are awarded to employees for levels of past service per the LSA policy.

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019

#### 21. Provisions (continued)

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried at 30 June 2020 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 2020:

Discount rate - 7.54%  
General salary inflation - 4.07%  
Net discount rate - 3.33%

The principal assumptions used for the purposes of the actuarial valuations were as follows for the year ended 30 June 2019:

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

The basis on which the discount rate has been determined is as follows: GRAP 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the post employment liabilities should be used.

Consequently, a discount rate of 7.54% per annum has been used. The first step in the derivation of this yield is to calculate the liability-weighted average of the yields corresponding to the actual terms until payment of long service awards, for each employee. The 7.54% is then derived as the liability-weighted average of the yields derived in the first step. The corresponding liability-weighted index-linked yield is 3.85%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the JSE after the market close on 30 June 2020.

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

Expected Retirement Age - Females	62	60	62	60
Expected Retirement Age - Males	62	60	62	60
	-	-	-	-

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

Balance at the beginning of the year	28 457	48 159	28 457	48 159
Current service cost	2 259	4 850	2 259	4 850
Interest cost	1 926	4 055	1 926	4 055
Actuarial losses / (gains)	47 139	(26 937)	47 139	(26 937)
Employer Benefit Vesting	(3 232)	(1 670)	(3 232)	(1 670)
Present Value of Fund Obligation at the end of the Year	76 549	28 457	76 549	28 457

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

Present value of unfunded obligations	76 549	28 457	76 549	28 457
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The amount recognised in the Statement of Financial Performance are as follows:

Current service cost	2 259	4 850	2 259	4 850
Interest cost	1 926	4 055	1 926	4 055
Actuarial losses / (gains)	47 139	(26 937)	47 139	(26 937)

## Rustenburg Local Municipality

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### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity		
	2020	2019	2020	2019	
<b>21. Provisions (continued)</b>					
<b>Total Post-Retirement Benefit included in Statement of Financial Performance</b>	<b>51 324</b>	<b>(18 032)</b>	<b>51 324</b>	<b>(18 032)</b>	
<b>History of Liability</b>	30 June 2016	30 June 2017	30 June 2018	30 June 2019	30 June 2020
Accrued Liability	41 015	43 271	48 159	28 457	76 549
Actuarial Gains / (Losses)	(418)	1 809	(154)	26 937	(47 139)
	-	-	-	-	-
<b>Sensitivity Analysis on Current-service and interest Costs for the year ending 30 June 2020 - Assumptions and Change</b>			Current-service cost	Interest cost	Total
General assumptions	-	-	2 259	1 925	4 184
General salary inflation (+1%)	-	-	2 365	2 002	4 367
General salary inflation (-1%)	-	-	2 180	1 854	4 014
Discount rate (+1%)	-	-	2 174	2 089	4 263
Discount rate (-1%)	-	-	2 351	1 748	4 099
Average retirement age (-2yrs)	-	-	2 480	2 183	4 663
Average retirement age (+2 yrs)	-	-	2 048	1 708	3 756
Withdrawal rates (-50%)	-	-	4 040	3 096	7 136
	-	-	-	-	-
<b>Sensitivity Analysis on the Unfunded Accrued Liability (in R millions) for the year ended 30 June 2020 - Assumptions &amp; Change</b>					Liability
Central assumptions	-	-	-	-	76 549
General salary inflation (+1%)	-	-	-	-	81 731
General salary inflation (-1%)	-	-	-	-	71 867
Discount rate (+1%)	-	-	-	-	71 765
Discount rate (-1%)	-	-	-	-	81 936
Average retirement age (-2 yrs)	-	-	-	-	83 595
Average retirement age (+2 yrs)	-	-	-	-	68 651
Withdrawal rates (x2yrs)	-	-	-	-	59 944
Withdrawal rates (x0.5yrs)	-	-	-	-	88 117
	-	-	-	-	-
<b>22. Payables from exchange transactions</b>					
Trade payables	623 490	390 513	858 991	566 127	
Payments received in advanced	120 186	121 714	120 186	121 714	
Accrued leave pay	68 218	46 565	68 218	46 565	
Accrued bonus	15 726	13 021	15 726	13 021	
Unallocated Deposits	144 892	74 075	144 892	74 075	
Other Creditors	-	1 854	-	1 854	
Retentions	67 813	68 133	67 813	68 133	
Sundry Deposits	-	(1 141)	-	(1 141)	
	<b>1 040 325</b>	<b>714 734</b>	<b>1 275 826</b>	<b>890 348</b>	

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019

#### 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:

Electricity	16 053
Water	12 415
Refuse	2 265
Sewerage and Sanitation	1 809
Other	84 693
Property Rates	2 950
Total	120 186

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	213 009	108 029	189 236	85 652
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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	51 103	49 384	51 103	49 384
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Guarantees				
Guarantees held in lieu of electricity and water	29 421	29 421	29 421	29 421

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.

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019
<b>25. Service charges</b>				
Sale of electricity	1 995 842	2 166 070	1 995 842	2 166 070
Sale of water	553 842	524 128	489 843	460 009
Sewerage and sanitation charges	151 833	130 633	151 833	130 633
Refuse removal	139 380	121 179	139 380	121 179
	<b>2 840 897</b>	<b>2 942 010</b>	<b>2 776 898</b>	<b>2 877 891</b>

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

### 26. Rental of facilities and equipment

<b>Premises</b>				
Rental Revenue from Land	-	2 933	-	2 933
Rental Revenue from Halls	211	351	211	351
Rental Revenue from Buildings	8 361	3 710	8 361	3 710
	<b>8 572</b>	<b>6 994</b>	<b>8 572</b>	<b>6 994</b>
<b>Facilities and equipment</b>				
Rental Revenue from Amenities	278	84	278	84
Rental Revenue from Other Facilities	77	13 059	77	13 059
	<b>355</b>	<b>13 143</b>	<b>355</b>	<b>13 143</b>
	<b>8 927</b>	<b>20 137</b>	<b>8 927</b>	<b>20 137</b>

### 27. Other income

Building Plan Fees	1 036	816	1 036	816
Application for clearance certificate	166	322	166	322
Service connections	-	1 035	-	1 035
Cemetery Fees	795	782	795	782
Advertising Signs	1 583	1 567	1 583	1 567
Photocopies	-	50	-	50
Tender Documents	418	678	418	678
Town Planning Fees	-	37	-	37
Surplus cash	8	11	8	11
Sundry Income	10 094	4 358	10 094	4 358
Swimming pool fees	-	303	-	303
	<b>14 100</b>	<b>9 959</b>	<b>14 100</b>	<b>9 959</b>

### 28. Interest received - other

<b>Interest revenue</b>				
Investments	30 633	25 606	24 275	15 261
Finance leases	-	-	220	240
Interest received - other	-	943	-	943
	<b>30 633</b>	<b>26 639</b>	<b>24 495</b>	<b>16 444</b>

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019

#### 29. Property rates

##### Rates received

Residential	154 101	149 838	154 101	149 838
Commercial	199 568	177 873	199 568	177 873
State	15 905	20 940	15 905	20 940
Agriculture	8 567	5 259	8 567	5 259
	<b>378 141</b>	<b>353 910</b>	<b>378 141</b>	<b>353 910</b>

##### Valuations

Property Rates are levied on the value of land and improvements, which valuation is performed every four years. The last valuation came into effect on 1 July 2018. Supplementary valuations are processed on a monthly basis to take into account changes to individual property values due to alterations and subdivisions.

Interim valuations are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions.

Rates are levied monthly on property owners and are payable the end of each month. Interest is levied at a rate determined by council on outstanding rates amounts.

#### 30. Grants and subsidies paid

##### Other subsidies

Community Projects	6 531	5 724	6 531	5 724
Rustenburg Water Service Trust	-	-	13 725	19 361
	<b>6 531</b>	<b>5 724</b>	<b>20 256</b>	<b>25 085</b>

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019
<b>31. Government grants and subsidies (continued)</b>				
Balance unspent at beginning of year	8 500	-	8 500	-
Current-year receipts	235 107	260 070	235 107	260 070
Conditions met - transferred to revenue	(238 193)	(251 570)	(238 193)	(251 570)
	<b>5 414</b>	<b>8 500</b>	<b>5 414</b>	<b>8 500</b>

Conditions still to be met - remain liabilities (see note 19).

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	2 699	3 774	2 699	3 774
Current-year receipts	1 465	1 362	1 465	1 362
Conditions met - transferred to revenue	(1 247)	(2 437)	(1 247)	(2 437)
	<b>2 917</b>	<b>2 699</b>	<b>2 917</b>	<b>2 699</b>

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 disadvantage communities) through a recapitalised programme at provincial level in support of local government and national initiatives.

#### Provincial: Housing Project Account

Balance unspent at beginning of year	15 306	15 306	15 306	15 306
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Conditions still to be met - remain liabilities (see note 19).

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

Balance unspent at beginning of year	35	35	35	35
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Conditions still to be met - remain liabilities (see note 19).

#### Provincial: COGTA

Balance unspent at beginning of year	4 031	2 031	4 031	2 031
Current-year receipts	-	2 000	-	2 000
Conditions met - transferred to revenue	(2 014)	-	(2 014)	-
	<b>2 017</b>	<b>4 031</b>	<b>2 017</b>	<b>4 031</b>

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	3 786	3 545	3 786	3 545
Conditions met - transferred to revenue	(3 786)	(3 545)	(3 786)	(3 545)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 19).

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019

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

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

##### Provincial: LG Seta

Balance unspent at beginning of year	1 188	957	1 188	957
Current-year receipts	977	231	977	231
	<b>2 165</b>	<b>1 188</b>	<b>2 165</b>	<b>1 188</b>

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

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. The municipality received an amount of R50 000 for human settlement development purposes in the previous financial year. In the current financial year, the Department of Local Government and Human Settlements requested that the money be returned. The R50 000 was subsequently paid back in the 2019/20 financial year.

##### Other: Royal Bafokeng: Western By-pass

Balance unspent at beginning of year	4 564	4 564	4 564	4 564
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Conditions still to be met - remain liabilities (see note 19).

This grant was received with regards to the Western Bypass at the Royal Bafokeng Stadium, in order to ensure that the bypass made the stadium more accessible during the FIFA 2010 Soccer World Cup.

##### Other: National Lottery

Balance unspent at beginning of year	12	12	12	12
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Conditions still to be met - remain liabilities (see note 19).

The grant was received from National Lottery for the upgrading and maintaining of hospice facilities.

##### Other: Seed Funding

Balance unspent at beginning of year	422	422	422	422
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Conditions still to be met - remain liabilities (see note 19).

This grant was utilised for the maintenance of roads in the jurisdiction area of the municipality. No funds have been withheld.

##### Other

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019
<b>31. Government grants and subsidies (continued)</b>				
Balance unspent at beginning of year	7 544	7 544	7 544	7 544
Conditions still to be met - remain liabilities (see note 19).				
Money received from Local business in the promoting to various business ventures.				
<b>Other: Energy Efficiency and Demand-Side Management Grant</b>				
Balance unspent at beginning of year	-	25	-	25
Roll over not allowed	-	(25)	-	(25)
	-	-	-	-
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.				
<b>Other: Grant Renovation Old Marikana House</b>				
Balance unspent at beginning of year	7	7	7	7
Conditions still to be met - remain liabilities (see note 19).				
<b>Other: NSCOOP</b>				
Balance unspent at beginning of year	89	89	89	89
Conditions still to be met - remain liabilities (see note 19).				
<b>National: Public Transport Network Grant (PTNG)</b>				
Balance unspent at beginning of year	182 810	-	182 810	-
Current-year receipts	218 911	396 629	218 911	396 629
Conditions met - transferred to revenue	(191 465)	(213 819)	(191 465)	(213 819)
Roll over not allowed	(84 400)	-	(84 400)	-
	125 856	182 810	125 856	182 810
Conditions still to be met - remain liabilities (see note 19).				
<b>National: MWIG</b>				
Balance unspent at beginning of year	12 462	10 274	12 462	10 274
Current-year receipts	88 000	80 700	88 000	80 700
Conditions met - transferred to revenue	(93 873)	(68 238)	(93 873)	(68 238)
Roll over not allowed	-	(10 274)	-	(10 274)
	6 589	12 462	6 589	12 462
Conditions still to be met - remain liabilities (see note 19).				
<b>Provincial: DPLG Housing</b>				
Balance unspent at beginning of year	443	443	443	443
75				

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019

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

Conditions still to be met - remain liabilities (see note 19).

##### National: Integrated National Electrification Programme (INEP)

Current-year receipts	15 410	10 038	15 410	10 038
Conditions met - transferred to revenue	(8 690)	(10 038)	(8 690)	(10 038)
	<b>6 720</b>	<b>-</b>	<b>6 720</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 19).

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

Balance unspent at beginning of year	5 000	-	5 000	-
Current-year receipts	20 000	5 000	20 000	5 000
Conditions met - transferred to revenue	(2 284)	-	(2 284)	-
Roll over not allowed	(5 000)	-	(5 000)	-
	<b>17 716</b>	<b>5 000</b>	<b>17 716</b>	<b>5 000</b>

Conditions still to be met - remain liabilities (see note 19).

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019
<b>32. Employee related costs</b>				
Basic	471 846	433 376	466 098	428 879
Bonus	31 031	29 831	31 031	29 831
Medical aid - company contributions	42 864	39 954	42 864	39 954
UIF	3 755	3 485	3 755	3 485
WCA	2 641	3 484	2 641	3 484
SDL	5 518	7 402	5 518	7 402
Group Life	-	174	-	174
Pension	81 673	76 430	81 673	76 430
Industrial Council Levy	579	7 312	579	7 312
Other long-term employee benefits: Long-service awards	3 232	3 180	3 232	3 180
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	26 674	28 186	26 674	28 186
Housing benefits and allowances	2 188	2 723	2 188	2 723
Overtime payment	37 034	49 378	37 034	49 378
Other Employee Cost	46 679	30 731	46 679	30 731
	<b>755 714</b>	<b>715 646</b>	<b>749 966</b>	<b>711 149</b>
<b>Remuneration of Municipal Manager</b>				
Annual Remuneration	916	2 044	916	2 044
Acting Allowances	157	63	157	63
Contributions to UIF, Medical and Pension Funds	48	123	48	123
	<b>1 121</b>	<b>2 230</b>	<b>1 121</b>	<b>2 230</b>
<b>Remuneration of Chief Financial Officer</b>				
Annual Remuneration	1 480	473	1 480	473
Contributions to UIF, Medical and Pension Funds	90	16	90	16
Acting Allowances	-	66	-	66
	<b>1 570</b>	<b>555</b>	<b>1 570</b>	<b>555</b>
<b>Remuneration of Director: Community Development</b>				
Annual Remuneration	1 470	1 366	1 470	1 366
Car Allowance	96	96	96	96
Contributions to UIF, Medical and Pension Funds	44	84	44	84
	<b>1 610</b>	<b>1 546</b>	<b>1 610</b>	<b>1 546</b>
<b>Remuneration of Director: Corporate Services</b>				
Annual Remuneration	1 405	267	1 405	267
Performance Bonuses	-	161	-	161
Contributions to UIF, Medical and Pension Funds	86	14	86	14
	<b>1 491</b>	<b>442</b>	<b>1 491</b>	<b>442</b>
<b>Remuneration of Director: Local Economic Development</b>				
Annual Remuneration	1 595	1 483	1 595	1 483
Car Allowance	-	112	-	112
Acting Allowance	-	28	-	28
Contributions to UIF, Medical and Pension Funds	17	9	17	9
	<b>1 612</b>	<b>1 632</b>	<b>1 612</b>	<b>1 632</b>

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019
<b>32. Employee related costs (continued)</b>				
<b>Remuneration of Director: Planning and Human Settlements</b>				
Annual Remuneration	1 341	1 386	1 341	1 386
Car Allowance	135	-	135	-
Contributions to UIF, Medical and Pension Funds	133	247	133	247
	<b>1 609</b>	<b>1 633</b>	<b>1 609</b>	<b>1 633</b>
<b>Remuneration of Director: Technical and Infrastructure Services</b>				
Annual Remuneration	1 592	744	1 592	744
Contributions to UIF, Medical and Pension Funds	15	19	15	19
Acting Allowance	-	92	-	92
	<b>1 607</b>	<b>855</b>	<b>1 607</b>	<b>855</b>
<b>Remuneration of Director: Public Safety</b>				
Annual Remuneration	1 049	241	1 049	241
Car Allowance	329	55	329	55
Acting Allowance	-	30	-	30
Contributions to UIF, Medical and Pension Funds	78	10	78	10
	<b>1 456</b>	<b>336</b>	<b>1 456</b>	<b>336</b>
<b>Remuneration of Director: Rust Rapid Transport</b>				
Acting Allowance	100	41	100	41
Total employee related cost	-	767 890	724 916	762 142
				720 419
<b>33. Remuneration of councillors</b>				
Executive Major	1 372	1 130	1 372	1 130
Speaker	1 049	847	1 049	847
Mayoral Committee Members	9 076	7 818	9 076	7 818
Chief Whip	678	585	678	585
Councillors	38 787	38 117	38 787	38 117
Company Contributions to UIF, Medical and Pension Funds	4 995	5 254	4 995	5 254
	<b>55 957</b>	<b>53 751</b>	<b>55 957</b>	<b>53 751</b>
<b>34. Depreciation and amortisation</b>				
Property, plant and equipment	370 719	443 735	338 211	405 061
Investment property	9 079	10 311	9 079	10 311
Intangible assets	8	18	8	18
	<b>379 806</b>	<b>454 064</b>	<b>347 298</b>	<b>415 390</b>

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019
<b>35. Impairment of assets</b>				
<b>Impairments</b>				
Property, plant and equipment With the assessment of the useful life and inspection of the asset conditions impairments were recognised.	265	3 266	-	2 926
Investment property With the assessments of the usefull life and inspection of the asset conditions impairments were recognised.	-	445	-	445
Inventories During the inventory count obsolete stock were identified and provided for.	20 911	-	20 911	-
Consumer Debtors Recoverability of receivables from exchange and non-exchange transactions were assessed and provision for impairment were identified.	428 179	896 462	428 179	896 462
Receivables from non-exchange revenue Recoverability of IGRAP receivables were assessed and provision for impairment were identified.	6 411	4 449	6 411	4 449
	<b>455 766</b>	<b>904 622</b>	<b>455 501</b>	<b>904 282</b>
<b>36. Finance costs</b>				
Employee benefits	10 278	12 102	10 278	12 102
Finance leases	912	1 643	912	1 643
Loans and Payables at amortised cost	69 268	63 397	69 312	49 871
Late payment of tax	5 528	-	5 528	-
Other interest - Eskom	13 477	9 326	13 477	9 326
	<b>99 463</b>	<b>86 468</b>	<b>89 507</b>	<b>72 942</b>
<b>37. Bulk purchases</b>				
Electricity	1 658 885	2 071 179	1 658 885	2 071 179
Water	374 066	357 432	513 510	477 032
	<b>2 032 951</b>	<b>2 428 611</b>	<b>2 172 395</b>	<b>2 548 211</b>
<b>38. Contracted services</b>				
Training	547	1 872	547	1 872
Professional fees	36 508	16 783	36 508	16 783
Security services	24 384	22 949	24 384	22 949
Valuation services	6 301	1 160	6 301	1 160
Other Contractors	154 685	243 852	154 685	243 982
	<b>222 425</b>	<b>286 616</b>	<b>222 425</b>	<b>286 746</b>

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019
<b>39. General expenses</b>				
Advertising	43	263	43	133
Auditors remuneration	11 722	12 412	10 775	11 702
Bank charges	4 783	5 385	4 770	5 373
Consumables	4 787	8 056	4 787	8 056
Entertainment	35	26	35	26
Legal Costs	187	182	-	-
Hire	143	3 279	143	3 279
Insurance	6 995	8 003	6 153	7 167
Marketing	715	238	715	238
Contribution for landfill sites	137	11 778	137	11 778
Printing and stationery	5 532	6 400	5 532	6 400
Repairs and maintenance	114 735	106 071	107 962	96 314
Subscriptions and membership fees and levies	15 258	176	15 258	176
Telephone and fax	5 184	4 014	5 184	4 014
Transport and freight	17 992	60 425	17 992	60 425
Travelling Subsistence	350	851	350	851
Assets written off	1 679	5 759	1 679	5 759
Water	90 432	77 731	-	-
Consumption expenditure	1 905	2 008	1 905	2 008
Bad debts written off	51 513	-	51 513	-
License fees	431	1 520	219	1 326
Ward committee	6 156	5 237	6 156	5 237
Chemicals	182	758	182	758
Other expenses	8 066	37 295	8 066	37 295
	<b>348 962</b>	<b>357 867</b>	<b>249 556</b>	<b>268 315</b>

The amounts disclosed above for Other Expenses are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense.

On the 30 June 2020, the municipal council approved a further write off of indigent debtors subject to verification and credit checks. The value of these indigent debtors is R184 534.

#### 40. Fair value adjustments

Other financial assets				
• Other financial assets	43	24	43	24

#### 41. Auditors' remuneration

Fees	11 722	12 412	10 775	11 702
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## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019
<b>42. Cash generated from operations</b>				
Surplus (deficit)	632 650	(464 899)	557 221	(531 725)
<b>Adjustments for:</b>				
Depreciation and amortisation	368 104	454 064	335 595	415 390
Gain on disposal of assets	(6)	(963)	-	(953)
Fair value adjustments	(43)	(24)	(43)	(24)
Finance costs	70 180	65 040	60 224	51 514
Impairment loss	455 766	904 622	455 501	904 282
Movements in operating lease assets	13	43	13	43
Movements in employee benefit obligations	45 924	6 940	45 924	6 940
Movements in provisions	48 228	(7 924)	48 228	(7 924)
Public contributions and donations	(188 413)	-	(188 413)	-
<b>Changes in working capital:</b>				
Inventory	12 143	(11 399)	12 143	(11 399)
Receivables from exchange and non-exchange transactions	(963 644)	(608 423)	(953 648)	(613 299)
Payables from Exchange transactions and other payables	335 020	390 742	393 505	445 182
	<b>815 922</b>	<b>727 819</b>	<b>766 250</b>	<b>658 027</b>

### 43. Financial instruments disclosure

#### Categories of financial instruments

##### Economic entity - 2020

##### Financial assets

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	586 434	586 434
Receivables from non-exchange transactions	-	31 029	31 029
Cash and cash equivalents	485 370	-	485 370
Investments	775	-	775
Guarantees	29 421	-	29 421
	<b>515 566</b>	<b>617 463</b>	<b>1 133 029</b>

##### Financial liabilities

	At amortised cost	Total
Other financial liabilities	474 840	474 840
Payables from exchange transactions	1 040 325	1 040 325
Consumer Deposits	51 103	51 103
Finance Lease Obligation	4 871	4 871
	<b>1 571 139</b>	<b>1 571 139</b>

##### Economic entity - 2019

##### Financial assets

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	101 325	101 325
Receivables from non-exchange transactions	-	7 995	7 995
Cash and cash equivalents	161 157	-	161 157

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019
<b>43. Financial instruments disclosure (continued)</b>				
Investments		1 037	-	1 037
Guarantees		29 421	-	29 421
		<b>191 615</b>	<b>109 320</b>	<b>300 935</b>

#### Financial liabilities

	At amortised cost	Total
Other financial liabilities	505 528	505 528
Payables from exchange transactions	714 734	714 734
Consumer Deposits	49 364	49 364
Finance Lease Obligation	12 590	12 590
	<b>1 282 216</b>	<b>1 282 216</b>

#### Controlling entity - 2020

##### Financial assets

	At fair value	At amortised cost	At cost	Total
Receivables from exchange transactions	-	564 848	-	564 848
Receivables from non-exchange transactions	-	31 029	-	31 029
Cash and cash equivalents	415 339	-	-	415 339
Investments	775	-	1	776
Finance lease receivables	-	1 844	-	1 844
Guarantees	29 421	-	-	29 421
	<b>445 535</b>	<b>597 721</b>	<b>1</b>	<b>1 043 257</b>

##### Financial liabilities

	At amortised cost	Total
Other financial liabilities	420 089	420 089
Payables from exchange transactions	1 275 826	1 275 826
Consumer Deposits	51 103	51 103
Finance lease obligation	4 871	4 871
	<b>1 751 889</b>	<b>1 751 889</b>

#### Controlling entity - 2019

##### Financial assets

	At fair value	At amortised cost	At cost	Total
Receivables from exchange transactions	-	89 529	-	89 529
Receivables from non-exchange transactions	-	7 995	-	7 995
Cash and cash equivalents	72 380	-	-	72 380
Investments	1 037	-	1	1 038
Finance lease receivables	-	2 050	-	2 050
Guarantees	29 421	-	-	29 421
	<b>102 838</b>	<b>99 574</b>	<b>1</b>	<b>202 413</b>

##### Financial liabilities

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019
<b>43. Financial instruments disclosure (continued)</b>				
			<b>At amortised cost</b>	<b>Total</b>
Other financial liabilities			419 587	419 587
Payables from exchange transactions			890 348	890 348
Consumer Deposits			49 364	49 364
Finance lease obligation			12 590	12 590
			<b>1 371 889</b>	<b>1 371 889</b>

#### Derivative financial instruments and hedging information

Cash and cash equivalents and investments are measured at quoted prices (unadjusted) in active markets for identical assets or liabilities. (level 1) Guarantees are measured at inputs other than quoted market prices. (level 2)

#### Financial Liabilities Maturity Analysis

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	1 040 325	-	-	-	1 040 325
Consumer deposits	51 103	-	-	-	51 103
Finance lease obligation	4 871	-	-	-	4 871
	<b>1 203 424</b>	<b>53 749</b>	<b>111 765</b>	<b>202 201</b>	<b>1 571 139</b>

30 June 2019 - Economic entity	< 1 year	1 to 2 years	2 to 5 years	5+ years	Total
Other financial liabilities	64 937	72 819	130 829	236 944	505 528
Payables from exchange transactions	714 734	-	-	-	714 734
Consumer deposits	49 364	-	-	-	49 364
Finance lease obligation	7 719	4 871	-	-	12 590
	<b>836 754</b>	<b>77 690</b>	<b>130 829</b>	<b>236 944</b>	<b>1 282 216</b>

30 June 2020 - Controlling entity	< 1 year	1 to 2 years	2 to 5 years	5+ years	Total
Other financial liabilities	71 838	35 287	111 765	201 201	420 089
Payables from exchange transactions	1 275 828	-	-	-	1 275 828
Consumer deposits	51 103	-	-	-	51 103
Finance lease obligation	4 871	-	-	-	4 871
	<b>1 403 636</b>	<b>35 287</b>	<b>111 765</b>	<b>201 201</b>	<b>1 751 889</b>

30 June 2019 - Controlling entity	< 1 year	1 to 2 years	2 to 5 years	5+ years	Total
Other financial liabilities	33 805	37 530	111 309	236 944	419 587
Payables from exchange transactions	890 348	-	-	-	890 348
Consumer deposits	49 364	-	-	-	49 364
Finance lease obligation	7 719	4 871	-	-	12 590
	<b>981 236</b>	<b>42 401</b>	<b>111 309</b>	<b>236 944</b>	<b>1 371 889</b>

#### 44. Commitments

##### Commitments in respect of Capital Expenditure

Already contracted for but not provided for				
• Approved and contracted for	315 716	549 445	305 973	512 711
<b>Total capital commitments</b>				
Approved and contracted for	315 716	549 445	305 973	512 711

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019

#### 45. Contingencies

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019
Pogiso Bothomane // RLM & Others. Urgent High Court application to set aside the appointment of three directors in that the appointments were irregular.	-	140	-	140
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	11 963	11 451	11 963
Reonet (Pty) Ltd. T/a Reonet Utility // RLM. Non-payment of services rendered –Automated meter reading water demand management programme	416	726	416	726
Bigen Africa Services (Pty) Ltd // RLM. Claim for non-payment of rendered professional roads and stormwater services rendered.	8 928	50	8 928	50
Sisters of Charity of St. Paul the Apostle // RLM. Dispute over municipal account and claim for prescription on Account number 1030953 & 122464	-	1 506	-	1 506
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	6 826	6 936	6 826	6 936
GCF Forklifts and Truck Centre (Pty) Ltd / RLM. Application by GCF for payment for services rendered.	1 030	1 080	1 030	1 080
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	655 697	651 958	655 697
Glencore, Merafe Consolidated Metallurgical Industries (Pty) Ltd, Merafe Ferrochrome CMI, Merafe Resources Limited // RLM, Eskom Holding & NERSA. Mediation/Arbitration regarding the termination of electricity supply agreement with Glencore/Xstrata. RLM want Glencore to pay as a regular user and Glencore want to contract directly with Eskom.	-	1 500	-	1 500
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	1 231	1 124	1 231
Safari Centre (Pty) Ltd // RLM. Application by Safari Centre to compel statement and debate on accounts and to correct errors.	-	210	-	210
Makgosi Consulting CC // RLM. Urgent application to interdict RLM from outsourcing any of the work that falls within the ambit of an electricity and water agreements.	-	500	-	500
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.	19 091	31 750	19 091	31 750

## Rustenburg Local Municipality

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### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019
<b>45. Contingencies (continued)</b>				
Public Protector // RLM and Fox way & Impala Platinum. Compliant lodged with the Public Protector arising from flooding that occurred as a result of houses being constructed within the 100-year flood line. Litigation by Fox way blaming RLM for wrongly approving flood lines in building plans referred to RLM's insurers.	-	250	-	250
RLM/ Makgotamishe. RLM has been issued with summons for payment.	71 763	42 565	71 763	42 565
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	1 971	1 649	1 971
Frans Lourens Rootman and Another // RLM and Executive Mayor. Claim in respect of the alleged Defamation of Character.	1 307	1 665	1 307	1 665
RLM / IBD Civil Contractors and Training Experts CC. Action against IBD for declaring the sale agreement of land invalid and return of purchase price – High Court – Mafikeng	40 000	41 184	40 000	41 184
RLM / Mdango Vincent and 21 Others. Eviction proceedings in terms of P.I.E. Act by R.L.M against 20 illegal occupants.	-	1 670	-	1 670
Frannero Property Investment 202 Pty Ltd / Selapo and Rustenburg Municipality and Department of Land and Rural Development. Application for eviction from property known as Waterval Portion 35, Rustenburg. Root cause Owner evicting unlawful occupiers from his property and requesting the Court to order RLM to provide alternative accommodation to the unlawful occupiers when eviction is granted	-	699	-	699
RLM / Novel Enterprises. Application for payment of the outstanding amounts for the supply of water tankers in various areas in Rustenburg.	2 515	2 824	2 515	2 824
Aquarius Platinum Mine Pty Ltd / Bonene and 170 others. Application for eviction of Employees who were employees at Aquarius Mines. Employees were dismissed on the basis of being involved in an unprotected strike	-	197	-	197
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.	3 849	3 849	3 849	3 849
Aecom SA (Pty) Ltd / RLM. Claim for payment of professional service rendered – Waste disposal transfer station – R6 818 269-20	6 818	8 364	6 818	8 364
Gabtu Project Management and Construction CC / RLM. Review and setting aside of the tender and claim for damages.	1 552	5 038	1 552	5 038
Eternity Star Investments 231 CC / RLM. Claim in respect of the outstanding amount for service rendered in respect of water services at Zinniville.	-	826	-	826
Solly Kgampe / RLM. Review Application	-	230	-	230
RLM/ Telkom. Telkom is suing Rustenburg for damaging Telkom's fibre optic cables.	-	176	-	176

## Rustenburg Local Municipality

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### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019
<b>45. Contingencies (continued)</b>				
Itumeleng Lesenyeho Mogakabe // RLM and others. Application for compensation for general damages pursuant to the registration of the Plaintiff's vehicle at the registering authority (Public Safety) after purchasing the vehicle at other respondents. The allegations are to the effect that RLM and other defendants had caused the Plaintiff's Taxi business to no longer operate due to the misrepresentation caused by other defendants which led	-	920	-	920
Happy Thoke / RLM. Review Application against the Arbitrator Rescission Ruling	-	583	-	583
Lesley Molema /RLM. Review Application against the Arbitrator	1 534	1 814	1 534	1 814
Telkom SA/RLM (8 CASES ). Claim for damages against the RLM	212	190	212	190
SAMWU obo S.L. More /RLM. Review Application Bogadi Gloria Thekwe and others / Ernst Dinale, RLM and Others. Application for claim of damages in respect of the property known as Erf. 2025 Geelhoutpark Ext 6, which is alleged to have extensive domestic refuse and therefore became unsuitable for residential purposes.	-	1 064	-	1 064
Waterlink Warehouse (PTY) LTD // RLM – CASE NO: 106/2018. 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.	783	929	783	929
S.O. Matshidiso Construction & Projects CC / RLM. On 15 March 2018, 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.	1 640	800	1 640	800
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.	34 998	36 313	34 998	36 313
Sebalo Rebecca Pilane // RLM. Urgent Spoliation application to restore water and electricity at the property known as ERF 1923 Bou- Dorp Rustenburg	3 167	350	3 167	350
Eskom Holding SOC LTD // RLM. Rescission Application in respect of judgment granted with costs in respect of eviction at the registered servitude at Portion of Farm 1 Rustenburg Dorp En Dorpsgronde Number 22.	-	300	-	300
Crystal Lagoon Investments 43 CC // RLM. Application for a refund that was paid under protest in order to obtain Clearance Certificate.	-	75	-	75
PEC Utility Management (Pty) Ltd. // RLM. Dispute over municipal account	250	350	250	350
Geontsi // RLM. A claim in respect of the design, construction and monitoring of low cost housing at Bethanie Phase 2, Mathepestad Phase 2 and Boitekong Ext 8.	1 211	1 611	1 211	1 611
	20 174	21 274	20 174	21 274

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### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019
<b>45. Contingencies (continued)</b>				
Didimalang Gilbert Mokweni // RLM & DPS. Claim resulting from the impoundment of white Toyota Quantum with registration JCC 145 NW which vehicle is being used to ferry passengers and their personal goods between Boitekong, Meriting and Rustenburg.	-	52	-	52
Diphage Maropeng // RLM & M Banda. Claim in respect of clearance figures of therates 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	90	62	90
Makgosi Consulting CC // RLM. Urgent application to set aside the intended termination of contract for service rendered.	12 573	500	12 573	500
Linda Jele. Unfair dismissal before the SALG Bargaining Council	-	627	-	627
Thabo Maotwe. Unfair dismissal before the SALGBC Bargaining Council	-	487	-	487
Ms Mbolekwa - Pupuma. Unfair suspension	668	-	668	-
SALGBC /RLM – Failure to comply with agency shop collective agreement	546	-	546	-
Obadia Mokonyama. Unfair Dismissal	515	-	515	-
SAMWU obo (Mfolwe, Mongae, Lephogole)/RLM: Unfair Dismissal	1 882	-	1 882	-
Obakeng Makgala. Unfair dismissal before the SALG Bargaining Council	-	487	-	487
Teikom SA SOC Limited // RLM. Claim for damaged underground electronic communications facilities at various areas	281	881	281	881
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	1 813	1 100	1 813
JL Mokgatle // RLM. The 2nd Defendant – Mr. Diratsagae – had an accident whilst driving a leased Toyota Hilux Double Cab (bearing registration number HRW 067 NW) around Sun City Pretoria Road. The Plaintiff alleges that the 2nd Defendant was negligent in that he failed to exercise proper care and control of the motor vehicle.	130	175	130	175
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	12 281	11 900	12 281
Vuka Africa Consulting Engineers and Project Managers / RLM. Vuka Africa instituted arbitration proceedings against the RLM in respect of tender no:RLM/MM/0078/2014/15 awarded to Vuka Africa.	740 621	1 800	740 621	1 800
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	-
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	-
Johannes Motshwane / RLM & Executive Mayor. Action instituted for alleged defamation against the RLM and the Executive Mayor	2 000	-	2 000	-

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### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019
<b>45. Contingencies (continued)</b>				
MMT Projects - Mosia motubatse Rental & Projects CC / RLM. Claim for services rendered.	4 533	-	4 533	-
KSP Group Pty Ltd / RLM. Claim for enforcement of contract and service level agreement.	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	-
UMKHONTO PROFESSIONAL SERVICES PTY LTD R 479 / RLM. Claim for enforcement of contract and service level agreement	64 969	-	64 969	-
RWA Plant Hire / RLM. Claim against municipality based on alleged payment of truck license.	40	-	40	-
Lithadika CC t/a LT Services / RLM. Claim in respect of services rendered.	196	-	196	-
Marat go Bonwa trading / RLM. Claim for unpaid invoices.	22	-	22	-
Orlando Ignatuis ntsala / RLM. Claim for unpaid invoices.	1 241	-	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	-
Sepumo Primary Cooperative / RLM. Plaintiff issued summons against RLM citing nonpayment for services rendered.	397	-	397	-
Dark Fibre (Pty) Ltd / RLM. Employees of RLM, whilst working, damaged their underground cables.	135	-	135	-
Promptique Trading / RLM. Nonpayment for services rendered.	1 280	-	1 280	-
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	-
SMEC South Africa / RLM. Plaintiff issued summons for payment of services rendered.	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	-
Losaba Services CC / RLM. Claim in respect of services rendered.	1 836	-	1 836	-
ESKOM HOLDINGS SOC LTD / RLM. The municipality is disputing claims made by Eskom for unpaid invoices	131 238	116 516	131 238	116 516
	<b>2 280 078</b>	<b>1 027 079</b>	<b>2 280 078</b>	<b>1 027 079</b>

#### Contingent assets

Figures in Rand Thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019
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	15 975	15 884	15 975

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Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019
<b>45. Contingencies (continued)</b>				
RLM/ KNT. This matter relates to recovery of interest and legal costs in respect of an urgent court application brought by the RLM where there was an error in the transfer of property to the purchaser. The RLM was successful in obtaining a court order for the rectification and retransfer of the property into the name of the RLM.	-	1 802	-	1 802
REONET / RLM ACTION. Action instituted for payment plus interest plus legal costs for enrichment by the RLM for goods sold and services rendered to the RLM	-	726	-	726
RLM/ MUNSOLVE/ ROOTMAN/ ANC/ RLM/ EXECUTIVE MAYOR. Action for damages in respect of alleged defamation.	-	4 000	-	4 000
RLM / KSP Group Pty Ltd. Counter application to review and set aside the tender. RLM pursuing recovery of funds.	141 427	-	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.	53 199	-	53 199	-
RLM / UMKHONTO PROFESSIONAL SERVICES PTY LTD R 479. Counter application to review and set aside the tender. RLM pursuing recovery of funds.	109 164	-	109 164	-
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.	27 053	-	27 053	-
S.O. MATSHIDISO CONSTRUCTION AND PROJECTS C.C. // RUSTENBURG LOCAL MUNICIPALITY – CASE NO: 9236/2016. Counter claim - Commercial matter	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	-
	<b>371 094</b>	<b>22 503</b>	<b>371 094</b>	<b>22 503</b>

## Rustenburg Local Municipality

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Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019

#### 46. Related parties

##### Relationships

Controlled entities	Refer to note 7
Members of key management	Refer to note 32&33

##### Related party balances

<b>Loan accounts - Owing (to) by related parties</b>		
Rustenburg Water Services Trust	1 844	2 050
<b>Amounts included in Trade receivable (Trade Payable) regarding related parties</b>		
Rustenburg Water Services Trust - Water Sales	(250 548)	(181 488)
Rustenburg Water Services Trust - Grant & subsidy	(7 982)	(10 062)
Rustenburg Water Services Trust - IMQS Software	(2 173)	(2 173)

##### Related party transactions

<b>Interest paid to (received from) related parties</b>		
Rustenburg Water Services Trust	(220)	(240)
<b>Purchases from (sales to) related parties</b>		
Rustenburg Water Services Trust	139 444	119 600
Rustenburg Water Services Trust - IMQS Software	-	130
<b>Transfer payment / Grant &amp; Subsidy paid to (received from) related parties</b>		
Rustenburg Water Services Trust	15 783	22 265
<b>Transfer payment / Grant &amp; Subsidy (conditions met by related party)</b>		
Rustenburg Water Services Trust	(15 783)	(22 265)

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	Opening balance
Vincent Dilsook	46
Jacey Kruger	32
Adv Mphete	32
Kgomotso Kumbe	32
	<b>142</b>

The transactions between the Trustees and The Rustenburg Water Services Trust is classified as related party transactions. The nature of the relationship is that the Trustees are on the board and thereby has an influence on financial and operating policies of the Trust.

##### Transactions and Balances between ABSA

<b>Bank Limited and RWST</b>				
Interest received	6 358	10 435	-	-
Bank charges	(13)	(12)	-	-
Interest paid on term loan	(9 956)	(13 526)	-	-
Term Loan	54 751	85 941	-	-

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Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019

#### 46. Related parties (continued)

The transactions between ABSA Bank limited and The Rustenburg Water Services Trust is classified as related party transactions. The nature of the relationship is that ABSA has the right to appoint one representative to the board of Trustees and thereby has an influence on financial and operating policies of the Trust.

#### 47. Change in estimate

##### Change in accounting estimate - Rustenburg Water Services Trust

During the 2012 revaluation, the remaining useful life of the assets that the trust leases from the municipality was limited to the end of the leasing period. During the 2016/17 financial year, it became evident that the assets will not revert back to the Municipality after the lease expiry date and as a result the trust could no longer limit the remaining useful life to the end of the lease period.

During the 2017 revaluation, condition assessments were performed, new residual values and estimated useful lives were determined resulting in a lower depreciation charge. The amount of the effect in future periods could not be disclosed, estimating it is impracticable due to the fact that the change in residual values and estimated useful lives were identified as part of the 2017 revaluation and could not be differentiated.

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Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019

#### 48. Prior period errors

Transactions reflected in this note are rounded to thousands.

##### The following Prior period error corrections were done for the 2018 financial year:

Receivables from exchange transactions decreased by R13 308, Receivables from non-exchange transactions decreased by R5 425 and Retained earnings decreased by R18 733 due to exceptions raised in prior year audits. These amounts could not be supported and showed no movement for more than three years.

Payables from exchange transactions decreased by R30 912 and Retained earnings increased by R30 912 due to exceptions raised in prior year audits. These amounts could not be supported and showed no movement for more than three years.

An increase in Retained earnings of R2 097, an increase in Receivables from exchange transactions of R3 101 and a decrease in VAT receivable of R404 occurred due to corrections made after year end to accounts due to various reasons which include over and under billing of customer accounts. The impairment reversal on the prior year billing corrections resulted in a decrease in Retained earnings of R2 097, a decrease in Receivables from exchange transactions of R3 101 and an increase in VAT receivable of R404

VAT receivable increased by R5 583 and Retained earnings increased by R5 583 due to interest and penalties which were previously omitted.

VAT receivable decreased by R86 935 and Retained earnings decreased by R86 935 due to exceptions raised in prior year audits and additional items identified when the full population of VAT was investigated.

Investment Property decreased by R3 072 and Retained earnings decreased by R3 072 due to correction of investment properties that were over depreciated.

PPE decreased by R35 366 and Retained earnings decreased by R35 366 due to correction of amounts that were incorrectly included in WIP.

Retentions previously not raised and correction of unsupported retentions resulted in an increase in PPE of R1 629, an increase in Retained earnings of R16 854 and a decrease in Payables from exchange transactions of R15 225.

An increase in Retained earnings of R213 097, a decrease in VAT receivable of R13 079 and a decrease in Payables from exchange transactions of R226 777 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.

Rustenburg Water Services Trust. Correction of cost previously capitalised to WIP resulted in a decrease in Retained earnings of R16 and a decrease in PPE of R16.

Rustenburg Water Services Trust. Output VAT previously not declared resulted in a decrease in Retained Earnings of R18 831 and an increase in VAT payables of R18 831.

##### The following Prior period error corrections were done for the 2019 financial year as reflected in below tables:

Repairs and maintenance were reclassified to General expenses to improve disclosure. This resulted in an increase in General expenses of R101 828 and a decrease in Repairs and maintenance of R101 828.

Environmental rehabilitation for landfill sites current provision was incorrectly classified as non-current and non-current provision was incorrectly classified as current. The correction resulted in an increase in current provisions of R108 007 and a decrease in non-current provisions of R108 007.

Additional corrections were made to unallocated deposits due to exceptions raised last year and additional items identified when the full population of unallocated deposits was investigated. This included deposits that were duplicated when the municipality was phasing out the previous financial system. The corrections resulted in a decrease in Payables from exchange transactions of R439 984 and a decrease in Cash and cash equivalents of R439 984.

A decrease in Service charges of R40 149, a decrease in Receivables from exchange transactions of R56 521 and a increase

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### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019

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

in VAT receivable of R7 372 occurred due to corrections made after year end to accounts due to various reasons which include over and under billing of customer accounts. The impairment reversal on prior year billing corrections resulted in a decrease in Impairment loss of R49 149, an increase in Receivables from exchange transactions of R56 521 and a decrease in VAT receivable of R7 372

VAT receivable decreased by R4 377, Interest received (other) increased R942 and General expenses increased by R5 319 due to interest and penalties which were previously omitted.

VAT receivable decreased by R54 463, Receivables from non-exchange transactions increased by R3 257 and Payables from exchange transactions decreased by R51 206 due to exceptions raised in prior year audits and additional items identified when the full population of VAT was investigated.

General expense increased by R35 and PPE decreased by R35 due to prior year disposal of a laptop which was not recorded.

Irregular expenditure increased by R386 831 due to exceptions raised last year that were investigated and additional items identified when the full population of payments and contracts were investigated.

Commitments decreased by R137 235 due to exceptions raised last year that were investigated and additional items identified when the full population of payments and contracts were investigated.

Retentions previously not raised and correction of unsupported retentions resulted in an increase in PPE of R10 664 and an increase in Payables from exchange transactions of R10 664

An increase in General expenses of R19 748, a decrease in Receivables from non exchange transactions of R3 257, an increase in Finance Costs of R3 241, an increase in VAT receivable of R3 749 and an increase in Payables from exchange transactions of R23 480 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.

Fruitless and Wasteful expenditure increased by R15 346 due to SARS and Eskom Interest and Penalties which was previously omitted.

Unspent Grants decreased by R2 516 and Grant Revenue increased by R2 516 as a result of confirmation of unspent MIG funds from National Treasury.

Contingent liabilities increased by R116 516 as the municipality is disputing invoices raised by Eskom for the Waterkloof substation.

Finance costs and trade payables increased by R9 326 due to interest raised by Eskom which was not recorded.

Rustenburg Water Services Trust. Output VAT previously not declared resulted in an increase in Transfers and subsidies of R2 904 and an increase in VAT payables of R2 904.

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

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	2020	2019	2020	2019

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

	Previously reported	Prior period error	Restated amount
<b>Statement of financial position - extract Current assets</b>			
Receivables from exchange transactions	114 833	(13 308)	101 325
Receivables from non-exchange transactions	13 420	(5 425)	7 995
VAT	63 230	(171 259)	(108 029)
Cash and cash equivalents	601 141	(439 984)	161 157
<b>Non-current assets</b>			
Investment Property	169 589	(3 072)	166 517
Property, plant and equipment	8 894 111	(23 122)	8 870 989
<b>Current liabilities</b>			
Payables from exchange transactions	1 435 367	(720 833)	714 734
Unspent Grants	298 571	(2 516)	296 055
Provisions	17 126	108 007	125 133
<b>Non-current liabilities</b>			
Provisions	139 265	(108 006)	31 259
<b>Statement of changes in net assets - extract</b>			
Accumulated Surplus	7 080 520	66 978	7 147 498
<b>Statement of financial performance - extract</b>			
<b>Revenue</b>			
Service Charges	2 991 159	(49 149)	2 942 010
Interest received - other	25 896	943	26 839
Grant Revenue	1 156 353	2 516	1 158 869
<b>Expenditure</b>			
Impairment loss	953 771	(49 149)	904 622
Finance cost	73 902	12 566	86 468
Repairs and maintenance	101 828	(101 828)	-
Transfers and subsidies	2 820	2 904	5 724
General expenses	230 937	126 930	357 867

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 2019 and 30 June 2018 respectively:

Statement of financial position	2019	2018	2019	2018
Increase in Current Provision	108 007	-	108 007	-
Decrease in Non-Current Provision	108 007	-	108 007	-
Decrease in Receivables from exchange transactions	-	13 308	-	13 308
Decrease in Receivables from non-exchange transactions	-	5 425	-	5 425
Decrease in Retained earnings	-	18 733	-	18 733
Decrease in Payables from exchange transactions	439 984	-	439 984	-
Decrease in Cash and cash equivalents	439 984	-	439 984	-
Decrease in Payables from exchange transactions	-	30 912	-	30 912
Increase in Retained earnings	-	30 912	-	30 912
Increase in Receivables from exchange transactions	-	3 101	-	3 101
Increase in Retained earnings	-	2 697	-	2 697
Decrease in VAT receivable	-	404	-	404
Decrease in Receivables from exchange transactions	-	3 101	-	3 101
Decrease in Retained earnings	-	2 697	-	2 697
Increase in VAT receivable	-	404	-	404
Decrease in Receivables from exchange transactions	56 521	-	56 521	-
Increase in VAT receivable	7 372	-	7 372	-
Increase in Receivables from exchange transactions	56 521	-	56 521	-
Decrease in VAT receivable	7 372	-	7 372	-

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### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019
<b>48. Prior period errors (continued)</b>				
Increase in VAT receivable	-	5 583	-	5 583
Increase in Retained earnings	-	5 583	-	5 583
Decrease in VAT receivable	4 377	-	4 377	-
Decrease in Investment Property	-	3 072	-	3 072
Decrease in Retained earnings	-	3 072	-	3 072
Decrease in PPE	35	35 366	35	35 366
Decrease in Retained earnings	-	35 366	-	35 366
Decrease in Retained earnings	-	86 935	-	86 935
Decrease in VAT receivable	54 463	86 935	54 463	86 935
Decrease in Payables from exchange transactions	51 208	-	51 208	-
Increase in Receivables from non exchange transactions	3 257	-	3 257	-
Increase in PPE	10 664	1 629	10 664	1 629
Increase in Retained earnings	-	16 854	-	16 854
Decrease in Payables from exchange transactions	-	15 225	-	15 225
Increase in Payables from exchange transactions	10 664	-	10 664	-
Increase in Retained earnings	-	213 697	-	213 697
Decrease in VAT receivable	-	13 080	-	13 080
Decrease in Payables from exchange transactions	-	226 777	-	226 777
Decrease in Receivables from non exchange transactions	3 258	-	3 258	-
Increase in VAT receivables	3 749	-	3 749	-
Increase in Payables from exchange transactions	23 480	-	23 480	-
Decrease in Unspent Grants	2 516	-	2 516	-
Increase in Trade Payables	9 326	-	9 326	-
RWST - Decrease in PPE	-	16	-	-
RWST - Decrease in Retained earnings	-	16	-	-
RWST - Decrease in Retained earnings	-	18 831	-	-
RWST - Increase in VAT Payable	2 904	18 831	-	-
<b>Statement of financial performance</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Increase in General expenses	101 828	-	92 071	-
Decrease in Repairs and maintenance	101 828	-	92 071	-
Decrease in Service Charges	49 149	-	49 149	-
Decrease in Impairment loss	49 149	-	49 149	-
Increase in Interest received (other)	942	-	942	-
Increase in General expenses	5 319	-	5 319	-
Increase in General expenses	35	-	35	-
Increase in General expenses	19 748	-	19 748	-
Increase in Finance costs	3 241	-	3 241	-
Increase in Grant Revenue	2 516	-	2 516	-
Increase in Finance costs	9 326	-	-	-
RWST - Increase in Transfers and subsidies	2 904	-	-	-
<b>Notes to the financial statements</b>	<b>2 019</b>	<b>2 018</b>	<b>2 019</b>	<b>2 018</b>
Increase in Irregular Expenditure	386 831	-	386 831	-
Decrease in Commitments	137 235	-	137 235	-
Increase in Fruitless and Wasteful Expenditure	15 346	-	15 346	-
Increase in Contingent Liabilities	116 516	-	116 516	-
RWST - Increase in Commitments	4 853	-	-	-

#### 49. Comparative figures

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

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	2020	2019	2020	2019

#### 50. Risk management

##### Financial risk management

##### Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2011.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 21, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 17 and the Statement of Changes in Net Assets.

##### Gearing Ratio's

The gearing ratio at the year-end was as follows:

Debt	(479 711)	(518 118)	(424 980)	(432 177)
Cash and cash equivalents	485 370	161 157	415 339	72 380
<b>Net Debt</b>	<b>5 659</b>	<b>(356 961)</b>	<b>(9 621)</b>	<b>(359 797)</b>

Debt is defined as Long and Short-term Loans and Finance Lease Obligations.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

##### Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The municipality's Finance department provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the municipality through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

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	Economic entity		Controlling entity	
Figures in Rand thousand	2020	2019	2020	2019

#### 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	
	2020	2019	2020	2019

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

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019

#### 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

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019

#### 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 - 2020	Economic entity - 2019	Controlling entity - 2020	Controlling entity - 2019
Finance Lease Receivables	-	-	1 844	2 050
Receivables from exchange transactions	586 434	101 325	564 848	89 259
Receivables from non-exchange transactions	31 029	7 995	31 029	7 995
Cash and cash equivalents	485 370	161 157	415 339	72 380
Investments	775	1 037	776	1 038
Guarantees	29 421	29 421	29 421	29 421

#### Market risk

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019

#### 50. Risk management (continued)

##### Detail

The municipality's activities expose it primarily to the financial risks of changes in interest rates. No formal policy exists to hedge volatilities in the interest rate market.

- interest rate swaps to mitigate the risk of rising interest rates.

Market risk exposures are measured using value-at-risk (VaR) and are supplemented by sensitivity analysis.

The municipality's activities expose it primarily to the financial risks of changes in interest rates. No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

Note that no interest paid are linked to prime and therefore no impact on the sensitive analysis for interest paid.

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

Interest received for the year: -2%	247 222	(61 806)	Decrease in net surplus
Interest received for the year	309 028	-	
Interest received for the year: +2%	370 834	61 806	Increase in net surplus

Note that no interest paid are linked to prime and therefore no impact on the sensitive analysis for interest paid.

##### Sensitivity analysis for financial instruments 2018 - Economic entity 2020

Interest received for the year: -2%	338 222	(81 993)	Decrease in net surplus
Interest received for the year	420 215	-	
Interest received for the year: +2%	502 208	81 933	Increase in net surplus

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

Interest received for the year: -2%	239 066	(59 767)	Decrease in net surplus
Interest received for the year	298 883	-	
Interest received for the year: +2%	358 600	59 767	Increase in net surplus

Note that no interest paid are linked to prime and therefore no impact on the sensitive analysis for interest paid.

##### Sensitivity analysis for financial instruments 2018 - Controlling entity 2020

Interest received for the year: -2%	333 281	(80 796)	Decrease in net surplus
Interest received for the year	414 077	-	
Interest received for the year: +2%	494 873	80 796	Increase in net surplus

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019

#### 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

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019

#### 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 2020, 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 R34 288 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.

For Rustenburg Water Services Trust, the attention of the users of the financial statements are drawn to the fact that an agreement between the Trust and RLM was reached on 21 July 2020 whereby RLM committed to pay the outstanding invoices to the Trust. The ability of RLM to honour the agreement impacts on the ability of the Trust to operate as a going concern.

#### 53. Unauthorised expenditure

Opening balance as previously reported	2 065 380	1 029 199	2 065 380	1 029 199
<b>Opening balance as restated</b>	<b>2 065 380</b>	<b>1 029 199</b>	<b>2 065 380</b>	<b>1 029 199</b>
Unauthorised Expenditure current year	-	1 036 181	-	1 036 181
Authorised during the financial year	(1 101 556)	-	(1 101 556)	-
<b>Closing balance</b>	<b>963 824</b>	<b>2 065 380</b>	<b>963 824</b>	<b>2 065 380</b>

#### Unauthorised expenditure: Budget overspending – per municipal department

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

#### 54. Fruitless and wasteful expenditure

Opening balance as previously reported	2 965	2 172	2 965	2 172
Correction of prior period error	15 346	-	15 346	-
<b>Opening balance as restated</b>	<b>18 311</b>	<b>2 172</b>	<b>18 311</b>	<b>2 172</b>
Expenditure incurred during the year	10 207	793	10 207	793
<b>Closing balance</b>	<b>28 518</b>	<b>2 965</b>	<b>28 518</b>	<b>2 965</b>

Expenditure incurred during the year resulted from interest and penalties paid to SARS and interest levied by Eskom to the value of R10 207.

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019
<b>55. Irregular expenditure</b>				
Opening balance as previously reported	5 130 981	4 716 341	5 130 981	4 716 341
Correction of prior period error	386 831	-	386 831	-
<b>Opening balance as restated</b>	<b>5 517 812</b>	<b>4 716 341</b>	<b>5 517 812</b>	<b>4 716 341</b>
Additional irregular expenditure identified	-	148 342	-	148 342
Irregular expenditure incurred during the year	184 281	266 298	184 281	266 298
<b>Closing balance</b>	<b>5 702 093</b>	<b>5 130 981</b>	<b>5 702 093</b>	<b>5 130 981</b>

#### Analysis of irregular expenditure incurred current year - by nature

Procurement process not followed for legacy contracts	70 555	252 557	70 555	252 557
Proper procurement process not followed	113 728	13 741	113 728	13 741
	<b>184 281</b>	<b>266 298</b>	<b>184 281</b>	<b>266 298</b>

#### Analysis of irregular expenditure incurred - by timing

Origin of irregular expenditure - Pre and including 2014/2015	-	66 697	-	66 697
Origin of irregular expenditure - 2015/2016	-	115 479	-	115 479
Origin of irregular expenditure - 2016/2017	-	26 594	-	26 594
Origin of irregular expenditure - 2017/2018	-	42 358	-	42 358
Origin of irregular expenditure - Pre and 2018/2019	184 281	15 170	184 281	15 170
	<b>184 281</b>	<b>266 298</b>	<b>184 281</b>	<b>266 298</b>

*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	15 243	157	15 243	157
Amount paid - current year	(15 243)	(157)	(15 243)	(157)
	-	-	-	-

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019

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

##### 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	1 585 484	2 134 829	1 585 484	2 134 829
Sold during the year	(1 473 354)	(1 811 049)	(1 473 354)	(1 811 049)
Unaccounted - Normal distribution losses - % of electricity (2020 - 7,07%); (2019 - 15,17%)	112 130	323 780	112 130	323 780
<b>Loss (R): At Cost</b>	<b>110 814</b>	<b>273 422</b>	<b>110 814</b>	<b>273 422</b>

Electricity losses occur due to inter alia, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections. The problem with tampered meters and illegal connections is an on-going process, with regular action being taken against defaulters. Faulty meters are replaced or repaired as soon as they are reported.

The reduction in Purchases and Sales is due to the scale down of operations by Xstrata during the months of April 2020 to June 2020.

Water	Units (kl)	Units (kl)	Units (kl)	Units (kl)
Purchased during the year	42 971	43 527	42 971	43 527
Sold during the year	(23 276)	(20 616)	(23 276)	(20 616)
Unaccounted - Normal distribution losses - % of water (2020 - 45,83%); (2019 - 52,64%)	19 695	22 911	19 695	22 911
<b>Loss (R): At Cost</b>	<b>188 778</b>	<b>205 768</b>	<b>188 778</b>	<b>205 768</b>

Water losses occur due to inter alia, leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an on-going process, with regular action being taken against defaulters. Faulty meters and leakages are replaced / repaired as soon as they are reported.

##### Audit fees

Opening balance	687	189	687	189
Current year subscription / fee	11 722	12 412	10 775	11 702
Amount paid - current year	(11 312)	(11 914)	(10 385)	(11 204)
	<b>1 097</b>	<b>687</b>	<b>1 097</b>	<b>687</b>

##### PAYE and UIF

Current year subscription / fee	112 635	105 279	112 635	105 279
Amount paid - current year	(112 635)	(105 279)	(112 635)	(105 279)
	-	-	-	-

##### Pension and Medical Aid Deductions

Current year subscription / fee	129 533	121 637	129 533	121 637
Amount paid - current year	(129 533)	(121 637)	(129 533)	(121 637)
	-	-	-	-

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Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019

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

##### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30/06/2020:

30/06/2020	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

30/06/2019	Outstanding less than 90 days	Outstanding more than 90 days	Total
Clr Mokwele P	-	1	1
Clr Du Plessis G J	2	-	2
Clr Molotsi CN	1	-	1
Clr Malinga M	6	39	45
Clr Bothomane	4	97	101
Clr Radebe MW	1	-	1
Clr Ngwato JD	5	-	5
Clr Mathoko AM	1	-	1
Clr Mataboge AL	1	-	1
Clr Nkosi LM	9	293	302
Clr Tsamai A	1	-	1
Clr Nkgoang LI	1	-	1
Clr Mataboge AL	1	-	1
Clr Mokotedi KG	1	-	1
Clr Mhlungu SBM	1	-	1
Clr Khunou ME	5	-	5
Clr Coetzee M & MJ	2	-	2
Clr Edwards I	2	-	2
Clr Nel D	4	-	4
Clr Mohube MM	1	-	1
Clr Khunou ME	1	-	1
Clr Motlhamme GS	1	-	1
Clr Wolmarans SD	2	-	2
Clr Babe NB	2	-	2
Clr Magadane GL	1	36	37
Clr Molubi JN	1	-	1
	57	466	523

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019

#### 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 36 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:

- Pilot solar project
- Transportation of employees
- Vetting of employees
- Competency assessments
- Maintenance of ICT infrastructure
- Water demand management
- Financial system parallel runs
- Financial statements and audit support
- Transportation of yellow fleet
- Maintenance of lifts
- Catering
- Maintenance of municipal fleet
- Repair of audio equipment
- Maintenance of landfill site
- Biological remediation and treatment of untreated wastewater
- Meter reading services
- MSCOA budget workshop
- Waste management
- Hiring of yellow fleet
- Data migration
- Accommodation
- Supply of masks
- Supply of auto spares

#### 58. Budget differences

Material differences between budget and actual amounts

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019

#### 58. Budget differences (continued)

##### Controlling entity:

Rental of Facilities and Equipment - Decrease in due to less demand as a result of the outbreak of the coronavirus pandemic

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.

Licences and Permits - Neighbouring towns licencing offices were not operational for periods during the financial year and Rustenburg absorbed their clients which resulted in additional revenue as the municipality passed its Covid 19 readiness inspection by the provincial head office.

Public Contributions and Donations - Land was proclaimed during the year which was not budgeted for.

Interest Received (Other) - Due to substantial increase in the balance of Cash & cash equivalents from the previous financial year. Higher bank and investments balances will result in higher interest income

Government Grants and Subsidies - In line with allocations received as per DORA. Furthermore not all grant funding was utilized and a rollover application made to National Treasury in the 2020/21 financial year.

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.

Impairment Losses - Decrease in line with year end assessment on the collectability of debtors. Budget used previous year assessment as a base.

Finance Costs - Inadequate provision during the budgeting process. Impact of employee benefits, leases and SARS was not considered. Furthermore interest on loans was under budgeted.

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

Repairs and Maintenance - Significantly less repairs and maintenance were done due to the pandemic and lockdown. Focus was only on emergency repairs and maintenance.

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

General Expenses - Decrease due to cost containment measures

Gain on disposal of assets and liabilities - 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 2019 to 30 June 2020.

##### Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of changes in the overall budget parameters. Further details of the changes are included in the municipality's published adjustments budget for the year ended 30 June 2020.

## Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2020

### Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2020	2019	2020	2019

#### 58. Budget differences (continued)

Financial Performance	Original Budget	Adjustments	Adjusted Budget
Property rates	362 089	15 033	377 122
Service charges	3 373 982	(229 440)	3 144 542
Rental of facilities and equipment	11 604	(1 568)	10 036
Interest received - other	20 774	10 147	30 921
Interest received (trading)	261 054	154 000	415 054
Fines, penalties and forfeits	18 708	(18 679)	29
Licences and Permits	10 213	(9 924)	289
Agency services	131 249	(32 000)	99 249
Government Grants and Subsidies Received	1 257 732	127 227	1 384 959
Other income	65 763	(51 000)	14 763
Gains on disposal of assets	170 477	(169 425)	1 052
<b>Total revenue</b>	<b>5 683 644</b>	<b>(205 628)</b>	<b>5 478 016</b>
Employee related costs	739 404	6 416	745 820
Remuneration of councillors	60 893	-	60 893
Impairment losses	635 638	88 000	723 638
Depreciation and Amortization	448 974	(39 931)	409 043
Finance charges	50 877	(17 626)	33 251
Bulk purchases	2 274 386	154 000	2 120 386
Repairs and Maintenance	212 063	137	212 200
Contracted services	251 063	(23 449)	227 614
Transfers and subsidies	17 892	-	17 892
General expenses	349 701	30 117	379 818
<b>Total expenditure</b>	<b>5 041 228</b>	<b>(110 336)</b>	<b>4 930 892</b>
<b>Surplus / (Deficit) for the year</b>	<b>642 416</b>	<b>(95 292)</b>	<b>547 124</b>

### 6.3 Post Audit Action Plan on Audit report matters for the year ended 30 June 2020

CLASS	FINDING	RESPONSIBLE UNIT AND SECTION	ASSIGNED OFFICIAL	ROOT CAUSE TO THE FINDING	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION	PROGRESS REPORT 31 August 2021
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 [Issue 115]	Financial Management Services	Edwin Dibetso	Lack of an all-round review of the FAR and completeness The Municipality does not have capacity of expertise to do the unbundling of the infrastructure asset register. Lack of technical assistance to carry conditional assessment of infrastructural assets. 1. Assets official shall be responsible	1. Data cleansing will be performed once conditional assessment of all infrastructure assets is done in the 20/21 financial year and we are in the process of appointing external consultants for this purpose. Once the service provider is appointed, following must be done in order to have a compliant assets register: a) Updating and maintaining the asset hierarchy for all asset classes. b) Review and propose revisions and improvements to the council's Asset Management Policy. c) Update and	30-Aug-21	In progress

CLASS	FINDING	RESPONSIBLE UNIT AND SECTION	ASSIGNED OFFICIAL	ROOT CAUSE TO THE FINDING	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION	PROGRESS REPORT 31 August 2021
					<p>maintain the work in progress (WIP) register with capital spending and any other movements that may arise within WIP.</p> <p>d) Fully componentize (unbundle) all completed capital projects in line with the approved municipal asset hierarchy.</p> <p>e) Asset team will conduct physical verification and inspection of the asset's portfolio (including servitudes) on a regular basis</p> <p>f) Management shall ensure that they implement controls over the recording of assets on a regular basis. All sources of information, such as the valuation roll and deed</p>		

CLASS	FINDING	RESPONSIBLE UNIT AND SECTION	ASSIGNED OFFICIAL	ROOT CAUSE TO THE FINDING	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION	PROGRESS REPORT 31 August 2021
					<p>search should be utilised.</p> <p>The issue on resources must be addressed , as there is currently a 59% vacancy rate within the asset section of whom must carry out all the project in conjunction with the user directorate.</p> <p>Travelling allowance should be allocated to assets officials in an enabling them to visit all area where assets are located.</p>		

CLASS	FINDING	RESPONSIBLE UNIT AND SECTION	ASSIGNED OFFICIAL	ROOT CAUSE TO THE FINDING	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION	PROGRESS REPORT 31 August 2021
	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 [Issue 428]		Jack Ntuli / Edwin Dibetso	Lack of proper contract management system in order to correctly account for amounts incurred on capital projects. Lack of communication between the departments. Responsible Directorate: 1. Budget office 2. Supply Chain Management 3. Creditors	Will Isolate capital expenditure from the total amount paid to UPS. - There will be a proper review of all invoices by management before finalisation to ensure correct allocations. - Existing SOP will be revised to ensure it includes all activities or processes to guide Municipal employees on their daily tasks. - All projects with incorrect or inaccurate information shall be returned to user directorate for correction.	30-Aug-21	In progress

CLASS	FINDING	RESPONSIBLE UNIT AND SECTION	ASSIGNED OFFICIAL	ROOT CAUSE TO THE FINDING	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION	PROGRESS REPORT 31 August 2021
	Limitation due to the unavailability of sufficient and appropriate audit evidence to substantiate the total certified project value as reflected in the WIP register [Issue 331 , Issue 437, Issue 445]		Jack Ntuli / Edwin Dibetso	Inadequate project management throughout the projects by the consulting engineer and the municipality contributed to the misalignment between the payment certificate and invoices. Lack of control over payment certificate before a payment certificate is updated, opening balance on the current certificate must agree with the closing balance of the previous certificate. 1. PMU & Infrastructure 2. Supply Chain Management 3. Creditors	3. Payment certificate with incorrect value of work done will be returned to the user directorate as and when errors are identified. 4. Reconciliation between Commitment , Contract and Retention registers to correct opening balances and findings on incorrect payment certificate will be sent to user department	30-Aug-21	In progress

CLASS	FINDING	RESPONSIBLE UNIT AND SECTION	ASSIGNED OFFICIAL	ROOT CAUSE TO THE FINDING	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION	PROGRESS REPORT 31 August 2021
RECEIVABLES FROM NON EXCHANGE TRANSACTION	Gross balance - fines: Allowance for impairment – fines Limitation of scope on testing gross fines and allowance for impairment of fines (disclosure note 14) [Issue 197]	Public Safety AFS support Team	Duran Dube Kagiso Magano	Proper list of all traffic fines outstanding was not maintained for past 5 to 7 years resulting in limitation to test opening balances of traffic fines issued	1. DPS to provide list of outstanding traffic fines for the past four years (including paid and new ) on cumulative basis. The list will be matched to the copies of tickets issued with supporting documents. 2. Impairment of traffic fines will be made in line with the National Act on validity of traffic tickets. The list will be maintained going forward through use of the current software. (RLM has started working on the TCS system which records tickets, allocates payments and any adjustments to that ticket, therefore this will enable the accurate recording of	1 - 2: 20 August 2021 3.Continuous	In progress

CLASS	FINDING	RESPONSIBLE UNIT AND SECTION	ASSIGNED OFFICIAL	ROOT CAUSE TO THE FINDING	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION	PROGRESS REPORT 31 August 2021
					account receivables at year end at ticket level. The TCS system will enable RLM to provide the accounts receivables listing at ticket level. Create new category for Traffic Fines in respect of Warrants of Arrest, viz new Warrants of Arrest (current financial year) and old Warrants having a bearing on the new Warrants of Arrests)		
<b>CONSUMER DEBTORS</b>	Gross balances: consumer debtors - Electricity Allowance for impairment: consumer debtors – Electricity Cigicell consumer debtor	Billing & Revenue	DTIS - Frits Mokalake BTO - Nwabisa and CFO	Service provider not paid on time, and offsetting commission from money due to Municipality-Poor contract management.	1. Obtain sign off of all outstanding cigi cell for the past 5 years from DTIS 2. Prepare reconciliation of prepaid sales receipts and sold for past 5 years 3. Process	1. 15 August 2021 2. 15 August 2021 3. 20 August 2021 4. 30 September 2021	Reconciliation on the receipting side done, and at checking stage

CLASS	FINDING	RESPONSIBLE UNIT AND SECTION	ASSIGNED OFFICIAL	ROOT CAUSE TO THE FINDING	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION	PROGRESS REPORT 31 August 2021
	overstated due to the non-recognition of amounts due to Cigicell (payable) relating to commission charges as well as other expenditure (Unable to quantify full extent). Amount was incorrectly impaired in the previous year. [Issue 327]				journals to account for creditors and expenses for commission and metering invoices. 4. Enter in SLA with Cigi cell to net off the outstanding debtors with creditors		
	Gross balances: consumer debtors – all categories Allowance for impairment: consumer debtors – all categories Balances due on municipal owned properties does not meet the recognition criteria of an asset (Unable to quantify full		Busy, Thabiso, Nombulelo	The system did not rebate municipal owned properties.	For municipal owned properties - the rebates were allowed for all prior year transactions in the 2020/21 financial year. Some of the accounts charged interest which is an immaterial amount. This interest will be reversed by the 07th August 2021.		The portion that led to a qualification last year has been corrected, the balance of the accounts still need to be corrected.

CLASS	FINDING	RESPONSIBLE UNIT AND SECTION	ASSIGNED OFFICIAL	ROOT CAUSE TO THE FINDING	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION	PROGRESS REPORT 31 August 2021
	extent) [Issue 224]						
	Gross balances: consumer debtors - all categories Limitation on testing payments made on consumer accounts [Issue 195, Issue 400, Issue 457]						
<b>CASH AND CASH EQUIVALENTS</b>	Bank balances- Primary bank account Limitation on the current year balance for the primary bank account as the cashbook balance does not reconcile to the	Financial Management Services	Financial Administration.	Issue 190: Cash and cash equivalent - Differences between the reconciliation and the reconciliation register.  Root cause - Cashbook does	1. RLM prepares bank reconciliations on a monthly basis which gets reviewed by the sectional manager and CFO on a monthly basis. Any inaccuracies are	On-going progress	On-going progress

CLASS	FINDING	RESPONSIBLE UNIT AND SECTION	ASSIGNED OFFICIAL	ROOT CAUSE TO THE FINDING	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION	PROGRESS REPORT 31 August 2021
	<p>bank statements and we were unable to test the reconciling items due to material mathematical errors which were identified on the bank reconciliation [Issue 190]</p> <p>In the prior year, the bank reconciliation included duplicate transactions which resulted in a net understatement of the cashbook balance as at 30 June 2019 (disagreement) [Issue 217, Issue 263]</p>			<p>not reconcile to Bank Statements - this is due to duplicates in transactions due to the use of short codes. The use of short codes by Revenue sections were mapped incorrectly to the Main Bank which created Duplicates when posting transactions.</p> <p>Issue 217: Cash and cash equivalent -Year end reconciling items for the prior year not accurately prepared. The listing for the prior year were not prepared when migrating the revenue module to the SAGE system. Only the take on balances were done. The</p>	<p>discussed, investigated and followed up in the following bank reconciliation.</p> <p>2. RLM is currently performing the a more accurate 2018-2019 bank reconciliations in order to be available whenever required.</p> <p>3. Support from system vendor to achieve credible bank reconciliation is being obtained.</p> <p>4. Short codes were amended whereby General Ledger votes which were transacting to the Main Bank Account were removed to the correct master accounts.</p> <p>5. Reversal journals were to be processed in the current</p>		

CLASS	FINDING	RESPONSIBLE UNIT AND SECTION	ASSIGNED OFFICIAL	ROOT CAUSE TO THE FINDING	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION	PROGRESS REPORT 31 August 2021
				<p>2018/19 Bank Reconciliation were not done.</p> <p>Issue 263: Cash and cash equivalent: prior year cash book overstated Root cause: this is due to duplicate transactions</p>	<p>financial year to eliminate duplicates.</p> <p>Issue 217: We are currently reperforming the 2018/19 Bank Reconciliation, which will outline all the unreconciled and reconciled items. The 2019/20 Bank Reconciliation will also be revised to rectify the incorrect balances due to duplicates and previous year items. The 2020/21 Bank Reconciliation will also be performed and will cater all the previous year's errors and misstatements.</p> <p>Issue 263: Duplicates were identified and the root cause for duplicates were investigated. The</p>		

CLASS	FINDING	RESPONSIBLE UNIT AND SECTION	ASSIGNED OFFICIAL	ROOT CAUSE TO THE FINDING	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION	PROGRESS REPORT 31 August 2021
					transaction codes known as a short code which were used mainly by Revenue section were causing duplicates against the loaded bank statement transactions. The system vendor rectified most of the transaction codes which were causing duplicates on the main bank account due to loading and allocation.		
<b>EMPLOYEE BENEFIT OBLIGATIONS</b>	Requested information to confirm the employee benefit obligation was not submitted [Issue 357]	Human Resources	Pule and Gabrielle (HR)	Non submission of medical aid information for employees and continuation members	1. Collating all outstanding information for in service and continuation members. Supporting documents to form part of prior year section of the audit file. 2. Strengthen controls around filing and scanning of documents.	10-Aug-21	60% submitted

CLASS	FINDING	RESPONSIBLE UNIT AND SECTION	ASSIGNED OFFICIAL	ROOT CAUSE TO THE FINDING	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION	PROGRESS REPORT 31 August 2021
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 [Issue 37]	Financial Management Services	Cash Book - All	Issue 37: Limitation of scope: Payables for exchange transaction: unallocated deposit listing not provided.  Root cause: No registers were compiled which eliminate allocated transactions from Unallocated Accounts and no one was assigned to monitor this Accounts on a monthly basis. This Accounts are treated as suspense accounts which should be cleared at the end of the year but it has not been done due to the above reasoning. Many people transact into this accounts which makes it extremely difficult to monitor, clear	1. RLM has developed a 2019/20 register for Unallocated consumer deposits which agrees to the balance and eliminates cleared line items therefore enabling AG to pull samples for audit purposes. We need to reperform the registers to cater for this year allocations. 2. Support from system vendor for complete an accurate unallocated deposits register is being obtained. The system vendor will develop a functionality on the Unallocated Accounts, which are suspense accounts to have a clearing capability to	Ongoing Process	Ongoing Process

CLASS	FINDING	RESPONSIBLE UNIT AND SECTION	ASSIGNED OFFICIAL	ROOT CAUSE TO THE FINDING	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION	PROGRESS REPORT 31 August 2021
				<p>and reconcile at the end of the month or year end. One of the contributory factor to the above reasoning is that, uploading of transaction from the Bank Statement to the Cash Book Accounts were uploaded into this Accounts and the Bank References, as a evidence that this transaction emanates from the Bank Statement, do not appear. Secondly, the main players who use this accounts only allocate transactions into this Accounts but without clear references as to which Accounts emanate from (Ref are not identified).</p>	<p>increase efficiency in reporting. The Account will be easy to identify which transactions are allocated, duplicated or unallocated.  3. Business process will be developed whereby it outlines how transactions should be allocated into this Suspense Accounts.  4. The system vendor will assist with the correct alignment of votes or short codes to transact to the correct accounts.</p>		

CLASS	FINDING	RESPONSIBLE UNIT AND SECTION	ASSIGNED OFFICIAL	ROOT CAUSE TO THE FINDING	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION	PROGRESS REPORT 31 August 2021
	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 [Issue 91]	Financial Management Services	Cash Book - All	<p>Issue 91: Limitation prior year unallocated deposits and other creditors.</p> <p>2018/19 Unallocated Deposit Registers were not done due to limited resources and unreliable information on the system. During migration to the new system, only the take on balances were imported. We couldn't get hold of the listing from the predecessor (system provider).</p> <p>The information we managed to get hold of, was not reliable as it contains duplicate transaction as compared to the list of allocated transactions.</p>	<p>of 41: Issue 91</p> <p>1. Journals corrections were done to rectify transactions which were duplicated in the 18/19 Fin year. Listing for prior year was not obtainable which compromise the whole process of compiling a register. Management should intervene with other measures - maybe engage the previous system provider (Promis) or (Vesta) to provide the listings.</p> <p>2. The Cashbook Section need to be capacitated with resources to ensure that it functions effectively and optimally to reach the Rlm targets.</p> <p>3. Since well the</p>	Ongoing Process	Ongoing Process

CLASS	FINDING	RESPONSIBLE UNIT AND SECTION	ASSIGNED OFFICIAL	ROOT CAUSE TO THE FINDING	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION	PROGRESS REPORT 31 August 2021
				<p>Limited resources in the sense that there was no one assigned responsibility to oversee, monitor and report on monthly basis about the status quo of this Accounts.</p> <p>System inefficiency - we unable to draw only unallocated transactions from the accounts.</p>	<p>system is unable to assist us to quickly compile Registers, as and when required by management - I recommend that an incumbent be appointed who will deal solely with this tasks, reconcile and report to the Accountant &amp; Senior Management - Ideally a Senior Finance Clerk can perform this task on a monthly basis.</p> <p>4. Support from the system vendor (CCG system) - To configure this Accounts to:</p> <p>a. Enable us to filter the information we need from the Account.</p> <p>b. To match transactions, by enabling the tab</p>		

CLASS	FINDING	RESPONSIBLE UNIT AND SECTION	ASSIGNED OFFICIAL	ROOT CAUSE TO THE FINDING	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION	PROGRESS REPORT 31 August 2021
					for Bank Reference be active on the Accounts, be able to match with other functionalities. e.g (Date, Ref, Amount, Description, Accounts, etc) c. To detect when transactions are duplicated. d.		
	Trade payables (prior year) Differences identified between the amount disclosed in the financial statements and the supplier statements at year end (understatement) [Issue 446]	Financial Management Services	Bertha and Bazuzu	1.Take on balances and duplication of invoices were raised due to transition of the two systems namely Promise and CCG 2.Payments was made using the General journal instead of using the payable module	Clearing of Aging and ensuring that take on balances are correct.	12-Aug-21	70% of the correction to the Aging has been done

CLASS	FINDING	RESPONSIBLE UNIT AND SECTION	ASSIGNED OFFICIAL	ROOT CAUSE TO THE FINDING	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION	PROGRESS REPORT 31 August 2021
VAT PAYABLE	Overall limitation on testing the VAT balance due to significant differences between the amount recognised in the AFS and the underlying supporting registers [Issue 335, Issue 386]	Financial Management Services	Bertha and Bazuzu	<p>1. Tax box was implemented in the 19/20 financial year around October 2020. It was still trial and error as the report did not pull through all the transactions.</p> <p>2. The supplier master file does not indicate the vatable and non-vatable suppliers, as a result it is difficult to get the VAT amount for the vatable suppliers when the reasonability testing is performed at the end of the year.</p> <p>3. During the transition between Promise and CCG, there were errors on the Take On balances and debit balances on the Creditors Aging which also affect VAT</p>	<p>1. Recon between the tax box and GL VAT control accounts (Input and Output vat accrued).</p> <p>3. Adjust prior year reasonability testing by removing own accounts debtors balance as the accounts were not vatable and use the payable master file to determine input vat accrued from vat payable suppliers.</p> <p>4. Monitoring of monthly journals passed against the VAT control accounts.</p>	05-Aug-21	<p>The Vat reconciliation has been done for the 10 months (August 2020-May 2021)</p> <p>2. The journals have been passed. What is sitting on the VAT Control account is the Net of what SARS is owing the municipality as at 2021 FY</p>

CLASS	FINDING	RESPONSIBLE UNIT AND SECTION	ASSIGNED OFFICIAL	ROOT CAUSE TO THE FINDING	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION	PROGRESS REPORT 31 August 2021
UNSPENT CONDITIONAL GRANTS	National government grants – Public Transport Network Grant (PTNG): Limitation on revenue from government grants and subsidies in 2017/18 due to limitations on the bill of quantities for the RRT project. Misstatement not resolved and still has an impact on the closing balance of unspent conditional grants [Prior year - Issue 106]	Financial Control & Roads and Transport	Kgomotso Motsugi and RRT Project Manager	RRT Project - Payment certificates not approved prior to effecting payment. Limitation on the RRT Project and expenditure which impacted the revenue recognition on the grant.	1. Overall controls and completeness of grants register. Grants register prepared and reviewed on a monthly basis by the 25th of each month. Reconciliation between the grants register, grants returns, general ledger and invoices. Correcting journals processed to address gaps in the grant realisation process. 2. Opening balance (2018 historical issue). Collate approvals and	20-Aug-21	Draft Grant Register submitted on the 05 August 2021. Confirmation from National Treasury (Roll over letters) in support of our prior year balance on file.

CLASS	FINDING	RESPONSIBLE UNIT AND SECTION	ASSIGNED OFFICIAL	ROOT CAUSE TO THE FINDING	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION	PROGRESS REPORT 31 August 2021
	<p>Various grants (projected): Limitation on revenue from government grants and subsidies in the prior year, and during 2017/18 due to unavailability of information to confirm whether grants were spent in line with the grant conditions. Misstatement not resolved and still has an impact on the closing balance of unspent conditional grants [Prior year – Issue 245, 2017/18 – Issue 164]</p>			<p>Supporting documents (payments) submitted could not confirm that the grant was spent in line with the conditions of the grant</p>	<p>confirmation from National Treasury in support of the opening balance. Prove that balance agrees to the books of the grantor as per roll over applications and approvals</p>		

CLASS	FINDING	RESPONSIBLE UNIT AND SECTION	ASSIGNED OFFICIAL	ROOT CAUSE TO THE FINDING	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION	PROGRESS REPORT 31 August 2021
SERVICE CHARGES	Sale of electricity: Electricity sales not accurately accounted for [Issue 268, Issue 269, Issue 298]	Billing & Electrical	Mohammed Lizzy Louis	1. Sim cards not communicating 2. Vandalised meters taking long to be repaired 3. Financial system not billing captured readings, however, the consumption will still be correct.	1. Faulty sim cards must be attended to timeously 2. Vandalised meters must be attended to timeously 3. Integration of the SCADA system to the financial system (billing)	July 2021 and ongoing - Technical July 2022 - and ongoing - Billing	No progress reported - as some sim cards are still not working. Vandalised meters take atleast twelve months to be replaced.
INTEREST RECEIVED (TRADING)	Unable to calculate interest received due to the unavailability of information in support of this historical balance on the related consumer accounts [Issue 360]	Billing		Misunderstanding between system vendor and the Auditor General as the system is of the opinion that the issue was resolved.	A session was held with ccg to assist on the interest qualification and the resolution that was taken in the meeting was that they will go back and re - calculate the interest on those accounts as they are confident that the method used by the system to calculate interest is correct. A follow up meeting will be held with ccg by the 30th July 2021 to	30-Jul-21	No meeting held with the Auditor General.

CLASS	FINDING	RESPONSIBLE UNIT AND SECTION	ASSIGNED OFFICIAL	ROOT CAUSE TO THE FINDING	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION	PROGRESS REPORT 31 August 2021
					finalise this issue. The billing unit will arrange a session between AG and the system vendor to clear the misunderstanding on the interest finding.		

CLASS	FINDING	RESPONSIBLE UNIT AND SECTION	ASSIGNED OFFICIAL	ROOT CAUSE TO THE FINDING	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION	PROGRESS REPORT 31 August 2021
IMPAIRMENT LOSS	Inventories: Unable to obtain assurance for the impairment of inventory due to the non-submission of information. (Issue 433)	Supply Chain Management	Kenny Makgalemela/ Kingsley Phutieagae	An item was prepared for inventory write off, however this item was not approved by council and referred to MPAC for further investigation. AFS Preparation team impaired the write off balance to ensure that AFS and G/L balance to the physical stock count.	1. A Clear Stock Write off policy to be drafted and communicated to Council and internal staff regarding - The write off of Inventory phases and procedures - Procedures to be conducted for testing for obsolete stock - The documentation to be submitted when requesting for the write off of stock - The timeframes the process of identifying stock, approval and processing of the write off in the inventory system - Documentation to be submitted to Auditors to support the Inventory write off - All stock stolen is supported by case number and	31.10.2021	Write offs for the current year have been submitted to the CFO

CLASS	FINDING	RESPONSIBLE UNIT AND SECTION	ASSIGNED OFFICIAL	ROOT CAUSE TO THE FINDING	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION	PROGRESS REPORT 31 August 2021
					<p>other documentation to confirm that the matter has been reported to the Police, All Obsolete stock should be accompanied by an Obsolete stock assessment report and Damaged Stock should be accompanied by the Damaged stock assessment report. Within Each of the reports listed Stock should be identified fully, cause of the damage, action taken by management and decision made by management.</p> <p>2. Obsolete stock to be accurately valued</p> <p>3. Assessment of the obsolescence of inventory to be done once a</p>		

CLASS	FINDING	RESPONSIBLE UNIT AND SECTION	ASSIGNED OFFICIAL	ROOT CAUSE TO THE FINDING	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION	PROGRESS REPORT 31 August 2021
					quarter and report to the CFO 4. Separate storage of Obsolete stock so that the obsolete stock can clearly identified and safeguarded 5. Adequate security allocated to ensure sufficient safe guarding of stock against damage to reduce the risk of stock write due to damage and theft 6. Adequate processes applied to recover the salvage value for the obsolete stock in the form of auction or market to sell the obsolete stock 7. Post write off report to be performed relating to the stock to ensure that the causes/risks of the stock written		

CLASS	FINDING	RESPONSIBLE UNIT AND SECTION	ASSIGNED OFFICIAL	ROOT CAUSE TO THE FINDING	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION	PROGRESS REPORT 31 August 2021
					off identified have been mitigated to avoid or minimised future stock write offs		

GENERAL EXPENDITURE	<p>Bad debt written off: Balances due on municipal owned properties does not meet the recognition criteria of an asset – portion of balance written off as bad debt which should never have been recognised (Unable to quantify full extent) [Issue 398]</p>	Revenue & Financial Management Services			<p>Billing of own accounts that are not collectable and then written off.</p>	<p>1. System vendor has been engaged for assistance with reversing (rebating) billing on all municipal owned properties in line with GRAP requirements. Bad debts written off on these accounts will then be reversed. 2. Only Journal entries which are supported by valid documentation and explanations may be processed. (segregation of duties is key)</p>	15-Aug-21	<p>Complete. Bad debts journal for 2019/20 reversed due to the exercise to correct billing of own accounts</p>
	<p>Prior period adjustment: Limitation of scope due to the non-submission of information (Issue 396)</p>				<p>UPS invoices were not properly verified against the SLA, work performed by the service provider and not properly budgeted for. Some work performed were outside the scope of work</p>	<p>No payment will be made outside the payment process (outside the system). All payment will be subjected to proper verification and any exceptions approved by MM</p>	Continuous	Continuous

EMPLOYEE COST	Overtime Limitation of scope [Issues 158, Issue 221]	Financial Management Services	Payroll clerks	Issue: 221 Overtime were paid but no supporting documentation was provided. (DTIS)	1. To retrieve this information and keep it handy so that when Auditors request the information is readily available. 2. To scan documents so that it can easily be accessible. 3. Two payroll clerks were hired for this task. 4. Findings be communicated to the relevant individuals to avoid delay in responding to the request.	On - going	On - going
	Overtime Limitation of scope [Issue 284, Issue 354 Prior year - Issue. 43]	Financial Management Services	Payroll clerks	<b>Issue: 284: Limitation of Scope / Information not provided or provided late.</b> 1. Time sheets /clock cards for 12 months of Mashego KP and Boikanyo DD 2. Time sheet for the list of provided employees not provided.	Human Resource should develop a policy or a business process whereby it oblige every employee to submit their time sheets on monthly basis. Managers should ensure that employees submit their time sheet on monthly basis.	On - going	On - going

COMMITMENTS	Differences identified between commitment values as disclosed in the financial statements and supporting documents (prior year values) [Issue 336]	Supply Chain Management	All project manager Madimetsa Rapolai Dannies Magoma Asset manager	Proper payment certificate were not submitted by user directorates and proper verification process not performed by BTO Proper records not maintained for SLA, Appointment letters and payment documents	<ol style="list-style-type: none"> <li>1. Adjust Opening Commitment Register with             <ol style="list-style-type: none"> <li>1.1 Correct contract amounts and extension and or variations were necessary</li> <li>1.2 Allocate Appointment amounts and expenditure to the correct FY</li> <li>1.3 Ensure that completed and terminated projects are removed from the commitment register - attach completed certificate and termination letter as proof</li> <li>1.4 Ensure the value of work done at the beginning of FY agrees to value of work done on the last payment certificate for the previous FY and ensure it reconciles to WIP, Retention and Contract Register</li> <li>1.5 Submit a</li> </ol> </li> </ol>	05-Aug-21	In progress
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					report of errors identified on the payment certificates to user directorates for correction. 2.Expenditure Unit to Develop Infrastructure projects Register to assist with ensuring that the value of work done equals payments made to date, the register must start from end user section and must be emailed to expenditure section as and when payment is to be made.		
IRREGULAR EXPENDITURE	Limitation relating to 2017/18 closing balance was not addressed [Issue 275]	Supply Chain Management	Madimetsa Rapolai Dannnies Magoma	Procurement plan not adhered to resulting in deviations Lack of training for committee members In adequate compliance checklist and verifications to avoid irregularities	A. To perform compliance check for the entire SCM Process. 1. Develop a compliance Checklist with minimum requirements. 2. Test the compliance process of Demand and Acquisition	05-Aug-21	In progress
	Irregular expenditure not complete >Disagreements: non-compliance with SCM regulations [Issues 26, 44, 87,					Continues	

<p>88, 153, 187, 264, 295, 352, 377, 380, 387, 388, 412, 415, 424, 428, 431, 436, 439, 454, 459]</p> <p>&gt;Disagreements: expired contracts [Issue 174]</p> <p>&gt;Limitations: non-compliance with SCM regulations [Issues 10, 147, 164, 231, 240, 321, 322, 347]</p> <p>&gt; Disagreements: non-compliance with SCM regulations (prior year awards) [Issue 439, Issue 334]</p>					<p>Management.</p> <p>B. Correction of Opening Balances</p> <p>1. Use management letter of the previous audit as the starting to adjust the opening balance.</p> <p>2. All the files that could not be submitted to AG for audit will be located, identify if there was any irregularity and adjust the register accordingly.</p>		
						Continues	
						Continues	
						Continues	



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**6.4 ANNUAL PERFORMANCE REPORT OF THE RUSTENBURG WATER SERVICES TRUST**

**RUSTENBURG WATER SERVICES TRUST**



**ANNUAL PERFORMANCE EVALUATION**

**1 JULY 2019 TO 30 JUNE 2020**

Prepared for:



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**PERFORMANCE REPORT FOR RUSTENBURG LOCAL MUNICIPALITY ON THE RUSTENBURG WATER SERVICES TRUST FOR THE PERIOD 1 JULY 2019 TO 30 JUNE 2020**

## **1. TERMS OF REFERENCE**

The following report is the result of a performance assessment of the Rustenburg Water Services Trust, for the 12 month period from 1 July 2019 to 30 June 2020. The report takes account of the Treasury Guidelines entitled "Framework for Managing Programme Performance Information" dated May 2007 (ISBN: - 978-0-621-37152-9), and the Trust is committed to giving effect to these.

### **Purpose and mission:**

The purpose of the Trust is captured in the Trust Deed and as such is as follows:

- To procure the design for required plant extensions,
- To procure the construction and oversee implementation where required and
- To Operate and Maintain the following treatment plants:
  - Rustenburg 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. ANNUAL SUMMARY SCORE CARD

Key Focus Area/Goal	Strategies	Area/Ward Serviced	KPI No:	IDP Ref	Weight	Key Performance Indicator (KPI)	Baseline 2019/20	Portfolio of Evidence	2019/20 Annual Target	Annual Budget 2019 /20 R'000	Period	Target	Performance	Score	Reasons for Variance (if any)	Remedial Measures
1. MUNICIPAL STRATEGIC PRIORITY: Develop and sustain a spatial, natural and built environment																
1.1. Municipal Strategic Objective: Accelerated delivery and maintenance of quality basic and essential services to all Communities																
WATER SERVICES																
Service Delivery: Sustainable Livelihoods and resilient Infrastructure	Sewer Purification	14, 15, 16, 20, 21, 25, 27, 28	1	OBJ 3	5	Number of functional sewer purification plants operated in terms of Trust Deed	4	4 x log sheets of volumes of purification plants for Boitekong, Lethabong, Rustenburg and Monakato.	4	R74.2	Q1	4	4	5	n/a	n/a
											Q2	4	4	5	n/a	n/a
											Mid-Year	4	4	5	n/a	n/a
											Q3	4	4	5	n/a	n/a
											Q4	4	4	5	n/a	n/a
											Annual	4	4	5	n/a	n/a
Service Delivery: Sustainable Livelihoods and resilient Infrastructure	Sewer Purification	14, 15, 16, 20, 21, 25, 27, 28	2.1	OBJ 3	5	Number of sewer purification plants maintained in terms of the Trust Deed	4	Maintenance history for Boitekong, Lethabong, Rustenburg and Monakato.	4	R13.3	Q1	4	4	5	n/a	n/a
											Q2	4	4	5	n/a	n/a
											Mid-Year	4	4	5	n/a	n/a
											Q3	4	4	5	n/a	n/a
											Q4	4	4	5	n/a	n/a
											Annual	4	4	5	n/a	n/a
Service Delivery: Sustainable Livelihoods and resilient Infrastructure	Sewer Purification	14, 15, 16, 20, 21, 25, 27, 28	2.2	OBJ 3	5	Plant availability of sewer purification plants maintained in	85%	Reports of 4 plants, assessing 10 selected items	85%	R13.3	Q1	85%	91.0%	5	n/a	n/a
											Q2	85%	85.85%	5	n/a	n/a
											Mid-Year	85%	88.43%	5	n/a	n/a

Key Focus Area/Goal	Strategies	Area/Ward Serviced	KPI No:	IDP Ref	Weight	Key Performance Indicator (KPI)	Baseline 2019/20	Portfolio of Evidence	2019/20 Annual Target	Annual Budget 2019 /20 R'000	Period	Target	Performance	Score	Reasons for Variance (if any)	Remedial Measures
						terms of agreed standards					Q3	85%	85.0%	5	n/a	n/a
											Q4	85%	90.8%	5	n/a	n/a
											Annual	85%	88.16%	5	n/a	n/a
Service Delivery: Sustainable Livelihoods and resilient Infrastructure	Sewer Purification	20, 21	3	OBJ 2	10	Percentage completion of sewer purification plants upgrading projects (Boitekong)	Completion of remaining 20%	Engineer's Completion Certificate	Target is 5% progress per quarter up to completion	R20	Q1	5%	5%	10	n/a	n/a
											Q2	5%	5%	10	n/a	n/a
											Mid-Year	10%	10%	10	n/a	n/a
											Q3	5%	7.5%	10	n/a	n/a
											Q4	5%	2.5%	5	Project completion, only 2.5% remaining	n/a
											Annual	20%	20%	10	n/a	n/a
Service Delivery: Sustainable Livelihoods and resilient Infrastructure	Waste Water Supply	14,15,16	4	OBJ 5	10	Volume of treated waste water supplied to the industrial water off-takers in terms of the Off-take Agreement	Average 25Ml/day	Anglo & Impala log sheets	Average 25Ml/day	R66.2	Q1	25 Ml/day	Average 26.01 Ml/day	10	n/a	n/a
											Q2	25 Ml/day	Average 24.11 Ml/day	9.6	n/a	n/a
											Mid-Year	25 Ml/day	Average 25.07 Ml/day	10	n/a	n/a
											Q3	25 Ml/day	Average 23.45 Ml/day	9.4	n/a	n/a
											Q4	25 Ml/day	Average 18.99 Ml/day	7.5	Anglo didn't abstract for 24 days during lockdown	n/a
											Annual	25 Ml/day	23.06 Ml/day	9.2	Anglo didn't abstract for 24 days during lockdown	n/a

Key Focus Area/Goal	Strategies	Area/Ward Serviced	KPI No:	IDP Ref	Weight	Key Performance Indicator (KPI)	Baseline 2019/20	Portfolio of Evidence	2019/20 Annual Target	Annual Budget 2019 /20 R'000	Period	Target	Performance	Score	Reasons for Variance (if any)	Remedial Measures
Service Delivery: Sustainable Livelihoods and resilient Infrastructure	Waste Water Supply	All	5	OBJ 3	10	Percentage compliance in the treatment of sewerage at Waste Water Treatment Works in terms of Anglo/DWS license agreement	90%	4 tables on water quality + lab certificates	90%	R61.5	Q1	90%	77.5%	7.5	Operational challenges	Improved Operations and management
											Q2	90%	75.45%	7.5	High inflows, load shedding	Improved Operations and management
											Mid-Year	90%	76.48%	7.5	High inflows, load shedding	Improved Operations and management
											Q3	90%	81.78%	8.0	High inflows, load shedding	Improved Operations and management
											Q4	90%	73.2%	7.5	High inflows, power interruptions, clarifier bulking.	Improved Operations and management
											<b>Annual</b>	<b>90%</b>	<b>77.0%</b>	<b>7.7</b>	<b>High inflows, power interruptions, clarifier bulking.</b>	<b>Improved Operations and management</b>
Service Delivery: Sustainable Livelihoods and resilient Infrastructure	Water Purification	All	6	OBJ 3 + 4	5	Number of water treatment works operated	2	2 x log sheets of volumes for Bospoort and Kloof	2	R43.5	Q1	2	2	5	n/a	n/a
											Q2	2	2	5	n/a	n/a
											Mid-Year	2	2	5	n/a	n/a
											Q3	2	2	5	n/a	n/a
											Q4	2	2	5	n/a	n/a
											<b>Annual</b>	<b>2</b>	<b>2</b>	<b>5</b>	<b>n/a</b>	<b>n/a</b>
Service Delivery: Sustainable Livelihoods and resilient Infrastructure	Water Purification	All	7.1	OBJ 3 + 4	5	Plant availability: Number of water treatment works maintained	85%	2 reports for Bospoort and Kloof assessing 10 selected items	85%	R13.3	Q1	85%	97.5%	5	n/a	n/a
											Q2	85%	99.95%	5	n/a	n/a
											Mid-Year	85%	98.7%	5	n/a	n/a

Key Focus Area/Goal	Strategies	Area/Ward Serviced	KPI No:	IDP Ref	Weight	Key Performance Indicator (KPI)	Baseline 2019/20	Portfolio of Evidence	2019/20 Annual Target	Annual Budget 2019 /20 R'000	Period	Target	Performance	Score	Reasons for Variance (if any)	Remedial Measures
resilient Infrastructure											Q3	85%	95%	5	n/a	n/a
											Q4	85%	100%	5	n/a	n/a
											Annual	85%	98.1%	5	n/a	n/a
Service Delivery: Sustainable Livelihoods and resilient Infrastructure	Water Purification	All	7.2	OBJ 3 + 4	5	Plant maintenance of water treatment works maintained	2	Maintenance history for Bospoort and Kloof	2	R13.3	Q1	2	2	5	n/a	n/a
											Q2	2	2	5	n/a	n/a
											Mid-Year	2	2	5	n/a	n/a
											Q3	2	2	5	n/a	n/a
											Q4	2	2	5	n/a	n/a
											Annual	2	2	5	n/a	n/a
Service Delivery: Sustainable Livelihoods and resilient Infrastructure	Water Purification	All	8	OBJ 2	10	Percentage completion of water treatment plants - civil works upgrading project (Bospoort)	80%	Engineers take over certificate	Target is 5% progress per quarter	R7.7	Q1	5%	5%	10	n/a	n/a
											Q2	5%	5%	10	n/a	n/a
											Mid-Year	10%	10%	10	n/a	n/a
											Q3	5%	5%	10	n/a	n/a
											Q4	5%	1%	2	Delays due to Covid-19 lockdown	n/a
											Annual	20%	16%	8	Delays due to Covid-19 lockdown in Q4	n/a
Service Delivery: Sustainable Livelihoods and resilient Infrastructure	Water Supply	All	9	OBJ 4	10	Volume of potable water supplied to RLM in accordance with the Water Supply Agreement	Average 12.6 Ml/day	2 x log sheets for Bospoort and Kloof	Average 12.6 Ml/day	R43.5	Q1	Average 12.6 Ml/day	Average 10.8 Ml/day	8.5	No production at Kloof due to no water in supply dam	n/a
											Q2	Average 12.6 Ml/day	Average 10.8 Ml/day	8.5	No production at Kloof due to no water in supply dam	n/a
											Mid-Year	Average 12.6 Ml/day	Average 10.8 Ml/day	8.5	n/a	n/a
											Q3	Average 12.6 Ml/day	Average 9.8 Ml/day	7.8	Power interruptions and low voltage at Bospoort, full reservoirs, pipe bursts, maintenance, reservoir control by RLM at Kloof	Improved Operations and management
											Q4	Average 12.6 Ml/day	Average 10.8 Ml/day	8.5	As above	As above
											Annual	Average 12.6 Ml/day	Average 10.45 Ml/day	8.3	As above	As above

Key Focus Area/Goal	Strategies	Area/Ward Serviced	KPI No:	IDP Ref	Weight	Key Performance Indicator (KPI)	Baseline 2019/20	Portfolio of Evidence	2019/20 Annual Target	Annual Budget 2019 /20 R'000	Period	Target	Performance	Score	Reasons for Variance (if any)	Remedial Measures
Service Delivery: Sustainable Livelihoods and resilient Infrastructure	Water Supply	All	10	OBJ 4	10	Percentage compliance in the treatment of water at Water Treatment Works in terms of SANS standards	95%	2 x water quality reports and lab certificates	95%	R18.4	Q1	95%	97.2%	10	n/a	n/a
											Q2	95%	97.6%	10	n/a	n/a
											Mid-Year	95%	97.4%	10	n/a	n/a
											Q3	95%	95.25%	10	n/a	n/a
											Q4	95%	97.6%	10	n/a	n/a
Annual	95%	96.91%	10	n/a	n/a											
Financial	Financial	All	11	OBJ 3	10	Maintain a debt service ratio covenant - to ensure cost effectiveness.	1.5	Quarterly financial statement, refer to DSCR	1,5 times	1,5 times	Q1	>1,5	2.18	10	n/a	n/a
											Q2	>1,5	2.34	10	n/a	n/a
											Mid-Year	>1,5	2.26	10	n/a	n/a
											Q3	>1,5	6.77	10	n/a	n/a
											Q4	>1,5	2.29	10	n/a	n/a
Annual	>1,5	3.4	10	n/a	n/a											
TOTAL					100					Q1		97.5				
										Q2		95.6				
										Mid-Year		96.0				
										Q3		95.2				
										Q4		80.5				
Annual		93.5														

Key Performance Areas (KPA's)	KPI No.	KPA Weightings	KPI Score	Assess Weightings	Weighted Score	Panel Score
Number of sewer purification plants operated in terms of agreed standards	1	5	5/5	100%	5	
Plant Availability: Number of sewer purification plants maintained in terms of agreed standards	2	10	10/10	100%	10	
Percentage completion of sewer purification plants upgrading projects (Boitekong)	3	10	10/10	100%	10	
Volume of treated waste water supplied to the industrial water off-takers in terms of the Off-take Agreement	4	10	9.2/10	92%	9.2	
Percentage compliance in the treatment of sewerage at Waste Water Treatment Works in terms of DWS license agreement	5	10	7.7/10	77%	7.7	
Number of water treatment works operated in terms of agreed standards	6	5	5/5	100%	5	
Plant availability: Number of water treatment works maintained	7	10	10/10	100%	10	
Percentage completion of water treatment plants - civil works upgrading project (Bospoort)	8	10	8/10	80%	8	
Volume of potable water supplied to RLM in accordance with the Water Supply Agreement	9	10	8.5/10	8.3%	8.3	
Percentage compliance in the treatment of water at Water Treatment Works in terms of DWS license	10	10	10/10	100%	10	
Debt Service Cover Ratio >1,5 times	11	10	10/10	100%	10	
<b>Total KPA</b>		<b>100</b>			<b>93.5</b>	

### 3. 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 2019 to 30 June 2020:

#### Section A: Waste Water Treatment Works

##### **Rustenburg Waste Water Treatment Works**

Year	Plant Compliance	Availability of M&E equipment	Plant capacity	Average Production
2018/2019	94.8%	To be implemented from July 2019	42 Mℓ/d	40.2 Mℓ/d
2019/2020	85.4%	92.3%	42 Mℓ/d	44.18 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
2018/2019	85.0%	To be implemented from July 2019	8 Mℓ/d	5.4 Mℓ/d
2019/2020	80.5%	69.1%	8 Mℓ/d*	9.75 Mℓ/d

(Refer to section 11 for the detailed report).

\*Upgrading & extension of works to increase capacity to 24 Mℓ/d was completed in March 2020.

##### **Monakato Waste Water Treatment Works**

Year	Plant Compliance	Availability of M&E equipment	Plant capacity	Average Production
2018/2019	47.0%	To be implemented from July 2019	1,0 Mℓ/d	1.86 Mℓ/d
2019/2020	56.5%	92.2%	1,0 Mℓ/d	2.55 Mℓ/d*

(Refer to section 13 for the detailed report).

\*Average production from 11 Feb 2020 to 30 June, inlet meter not working prior to this period.

#### 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
2018/2019	83.4%	To be implemented from July 2019	2 Mℓ/d	1.64 Mℓ/d
2019/2020	82.3%	97.1%	2 Mℓ/d	1.49 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
2018/2019	98.3%	To be implemented from July 2019	12 Mℓ/d	10.70 Mℓ/d
2019/2020	98.1%	96.2%	12 Mℓ/d	9.86 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
2018/2019	98.9%	To be implemented from July 2019	2 Mℓ/d	0.552 Mℓ/d
2019/2020	97.4%	100%	2 Mℓ/d	0.592 Mℓ/d

(Refer to section 16 for the detailed report).

#### Compliance Legend:

	100%
	66% - 99%
	65% - 33%
	0 - 32%

## 4. INTRODUCTION

The Rustenburg Water Services Trust (RWST) is a Municipal Services Entity belonging to the Rustenburg Local Municipality (RLM).

The Trust Deed defines the objectives and purpose of the Trust as follows:

- Procure the design, construction, implementation and Operation and Maintenance of the water and waste water treatment plants in the most cost effective manner and for the purposes of maximizing the Trust income to be distributed to the beneficiary, being the Rustenburg Local Municipality, and;
- Provide potable water to RLM in accordance with the Water Supply Agreement, and
- Supply treated water to the industrial water off takers in terms of the Off Take Agreements.

Following from the objectives and purpose, the Trust it is responsible for all Municipal waste water treatment and also 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 (8 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)

\*Boitekong has recently undergone an extension and upgrading project to increase the treatment capacity to 24 Mℓ/d, which became effective at the end of March 2020.

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.
- Incorrect operation of terminal reservoirs (if they are full, the plants must stop). The reservoirs are not under control of the Trust.
- Reduced shifts (not operating the plant for 24 hours).
- The quality of the raw water has an effect on the treatment processes which in turn may affect the production.
- Natural disasters.

The design of these two plants is such that they can theoretically not exceed their design capacity, and any change in production will normally be a reduction.

In the case of the waste water treatment plants it is important to understand that the operator cannot influence the incoming flow volumes. The flows vary, not only on a daily basis but also seasonally and it will also, increase over the years. At this stage the capacity of the Rustenburg Waste Water Treatment Works is 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.

## **5. 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.

## **6. 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.

## **7. 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.

## **8. PERFORMANCE MANAGEMENT**

The custodian of water in South Africa is the Department of Water and Sanitation (DWS), who has introduced a robust Water Services Regulation Strategy for the water sector. It clarifies the requirements and obligations placed on Water Services Institutions, thereby protecting consumers from potentially unsustainable and unsafe services. A regulation programme was conceived within the Department of Water Affairs as a means to identify, reward, ensure and encourage excellence in waste water management. The concept was defined by two programmes: the Blue Drop Certification Programme for Drinking Water Quality Management Regulation; and the Green Drop Certification Programme for Wastewater Quality Management

Regulation. These Certification incentive-based regulations seek to identify and develop the core competencies required for the sector that, if strengthened, will gradually and sustainably improve the level of water- and wastewater management in South Africa.

Being a Management tool specifically developed for the water sector, and used to improve performance in that sector, it was used as a guide in drawing up the KPA's for the contract. The KPA's were therefore fashioned around these regulations.

The above initiative was extended by a further initiative, the No Drop programme, which aims to address water losses in the water supply system of municipalities. This programme will follow a phased roll-out during the period 2014 to 2020. At this stage the RWST is not involved in Water Conservation and Water Demand Management, and the Trust may merely take note of this initiative.

The Trust has introduced a Variation Order on the Operator's contract aimed at putting systems and plans into place to foster the chances of obtaining Blue Drop and Green Drop Certification, and this process is taking big strides toward obtaining the certifications.

## 9. 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 in order to sustain the quality of the final product. These reports have to be submitted in accordance with specific timelines and these are incorporated in the KPA's.

Operational meetings are held every month between officials from the Plant Operator, the Sludge Handling Operator, the Trust and the Rustenburg Local Municipality. At these meetings the monthly reports are discussed amongst others, and various adjustments are considered to improve performance. Other reports which are submitted on a monthly basis contain records of the repairs, refurbishments and reinstatements carried out on all the plants during the previous month.

Some performance indicators are generic, and 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 2019	Compliance 30 June 2020
Meter readings	Daily meter readings at the same time every day at all plants	100%	Compliant	Compliant
Plant condition	Conduct annual condition survey of assets in all the treatment plants	The annual survey was carried out, and the report submitted.	Compliant	Compliant

Date	Monthly reports to be submitted by the 7 <sup>th</sup> business day of the following month	<u>2018/2019</u>	Compliant	Compliant
		July 2018 - June 2019		
		<u>2019/2020</u>		
		July 2019 - June 2020		

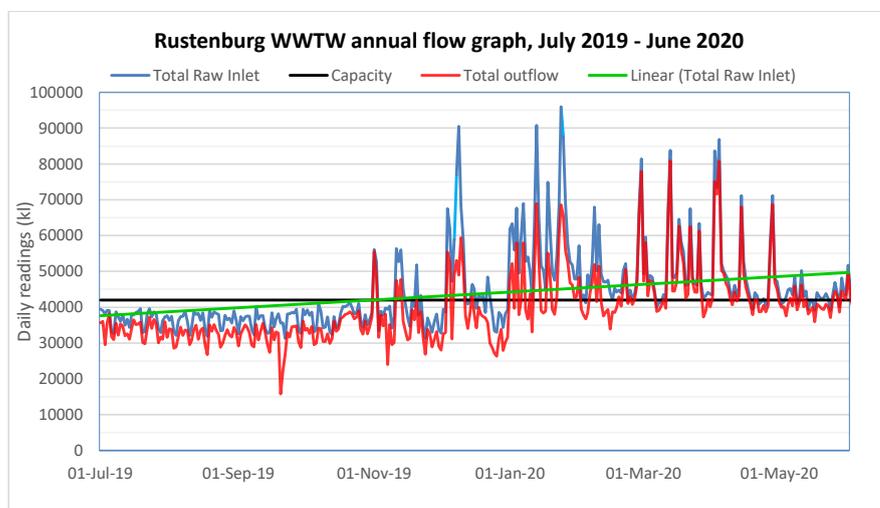
#### 10. PERFORMANCE VERIFICATION

All meter readings, on-site tests, and other on-site determinants are checked and verified by agents of the Trust. Sampling carried out at the four plants 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 advices etc. relevant to repairs and refurbishment, and these are checked on a regular basis. Progress on work carried out in terms of the license requirements is monitored continuously.

#### WASTE WATER TREATMENT WORKS

##### 11. 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 2019 was 44.18 Mℓ/d, which is more than the 40.2 Mℓ/d of the preceding 12 months. A minimum daily flow of 31.27 Mℓ/d was recorded whilst the maximum daily flow was 95.96 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 table below details the average supplied volume:

**Table 2: Average daily availability of treated effluent**

Mine Name	Target	Average daily availability for the period	Compliance %
Anglo Platinum	15 Mℓ/d	15.96 Mℓ/d	100%
Impala	10 Mℓ/d	15.17 Mℓ/d	100%
<b>Total</b>	<b>25 Mℓ/d</b>	<b>31.13 Mℓ/d</b>	<b>100%</b>

#### 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 0/100mℓ
- Free Chlorine not to exceed 0.2 mg/ℓ
- Ortho-phosphate not to exceed 1.0 mg/ℓ

Table 2 below gives an indication of the performance of the plant during the period under review, 1 July 2019 to 30 June 2020 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 2018 - 30 June 2019		Current Performance 01 July 2019 - 30 June 2020	
		Performance achieved	Compliance %	Performance achieved	Compliance %
• pH	• 6.5 - 8.5	• 7.04 - 7.85	100%	• 6.86 - 8.45	100%
• Elec. Conductivity	• <150mS/m	• 84.9 - 116.0 mS/m	100%	• 66.3 - 111.0 mS/m	100%
• COD	• < 75 mg/ℓ	• 15 - 53 mg/ℓ	100%	• 14.6 - 67.0 mg/ℓ	100%
• Ammonia	• <1 mg/ℓ	• 0.16 - 10.50 mg/ℓ	67%	• 0.28 - 18.6 mg/ℓ	33%
• Nitrate	• < 6 mg/ℓ	• 1.10 - 4.14 mg/ℓ	100%	• 0.19 - 6.27 mg/ℓ	92%
• Suspended Solids	• < 10 mg/ℓ	• 2 - 2 mg/ℓ	100%	• 2 - 25 mg/ℓ	92%
• E-coli	• < 0 / 100mℓ	• 0 - 301 / 100mℓ	83%	• 0 - 201 / 100mℓ	92%
• Free Chlorine	• < 0.20 mg/ℓ	• 0.02 - 0.20 mg/ℓ	100%	• 0.01 - 0.30 mg/ℓ	83%
• Ortho-Phosphate	• < 1.0 mg/ℓ	• 0.5 - 3.24 mg/ℓ	50%	• 0.12 - 2.45 mg/ℓ	67%
<b>OVERALL COMPLIANCE</b>			<b>94.75%</b>		<b>84.33%</b>

#### 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 <sub>4</sub>	mg/l	0 - 200	200	300
Cl	mg/l	0 - 450	450	500
Turbidity	NTU	0 - 10	10	15
E. coli	CFU/100ml	0	0	1000
Total Plate Count	CFU/100ml	0 - 1000	1000	10000

As per the *Off-Take Agreement* between the RWST and Anglo it is required that the plant should aim to supply water within the required parameters and these are monitored on a daily basis. Notifications are sent out should the values exceed the maximum levels. Should the values exceed the reject limits, supply is interrupted until the quality can be restored to within the limits.

The following 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 2019 to 30 June 2020, 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 2018 - 30 June 2019		Current Performance 01 July 2019 - 30 June 2020	
		Performance achieved	Compliance %	Performance achieved	Compliance %
pH	7.5 - 7.8 pH-Units	7.28 - 7.94 pH-Units	72% <sup>1</sup>	7.29 - 8.25 pH-Units	70.2% <sup>1</sup>
TOC	< 20 mg/l	4.72 - 11.60 mg/l	100%	6.5 - 13.9 mg/l	100%
COD	60 mg/l	10 - 113 mg/l	98%	8 - 72 mg/l	99.2%
TSS	< 8 mg/l	1.0 - 62 mg/l	90%	1.0 - 49 mg/l	81.9%
Alkalinity	<300 mg/l	78 - 282 mg/l	54% <sup>1</sup>	102 - 298 mg/l	100% <sup>1</sup>
Ammonia	5 mg/l	0.06 - 31.6 mg/l	75%	0.16 - 43.0 mg/l	55.8%
Nitrate	10 mg/l	0.1 - 9.6 mg/l	82%	0.4 - 12.1 mg/l	97.5%
O-Phosphate	< 9 mg/l	0.3 - 24.6 mg/l	99%	0.3 - 29.6 mg/l	99.5%
Fats	< 4 mg/l	0.50 - 2.42 mg/l	100%	0.5 - 0.7 mg/l	100%
TDS	1800 mg/l	303 - 817 mg/l	76% <sup>1</sup>	325 - 744 mg/l	100% <sup>1</sup>
Ca	0 - 350 mg/l	30.4 - 44 mg/l	100% <sup>1</sup>	29.3 - 42.2 mg/l	100% <sup>1</sup>
Mg	0 - 75 mg/l	21.3 - 31 mg/l	100% <sup>1</sup>	17.8 - 26 mg/l	100% <sup>1</sup>
Na	0 - 150 mg/l	Not Measured	<sup>1</sup>	52.5 - 78.6 mg/l	100% <sup>1</sup>
SO <sub>4</sub>	0 - 200 mg/l	82.3 - 101 mg/l	100% <sup>1</sup>	62.1 - 99.4 mg/l	100% <sup>1</sup>
Cl	0 - 450 mg/l	0.02 - 0.8 mg/l	100%	79.3 - 144 mg/l	100%
Turbidity	0 - 10 NTU	0.44 - 25.40 NTU	100%	1.02 - 21.3 NTU	98.4%
E. coli	0 CFU/100ml	0 - 301 CFU/100ml	62%	0 - 12000 CFU/100ml	72%
Flow available (Average)	15Ml/d (Min)	1.600 - 20.004 Ml/d (16.25) Ml/d	100% <sup>2</sup>	0.0 - 20.2 Ml/d (15.96) Ml/d	100% <sup>2</sup>
<b>OVERALL COMPLIANCE</b>			<b>85.1%</b>		<b>93.0%</b>

Notes 1 The current plant is not equipped to make adjustments to these parameters.

2 **Average flow is currently not in the Business Plan but will be included in the future.** Compliance based on daily average flow over each monthly period.

#### Design and Construct

A new wash compactor unit was installed at the inlet works.

#### Performance Review

The plant performance has improved over the last 12 months when compared to the previous 12 months, in respect of compliance.

### Restitution Measures

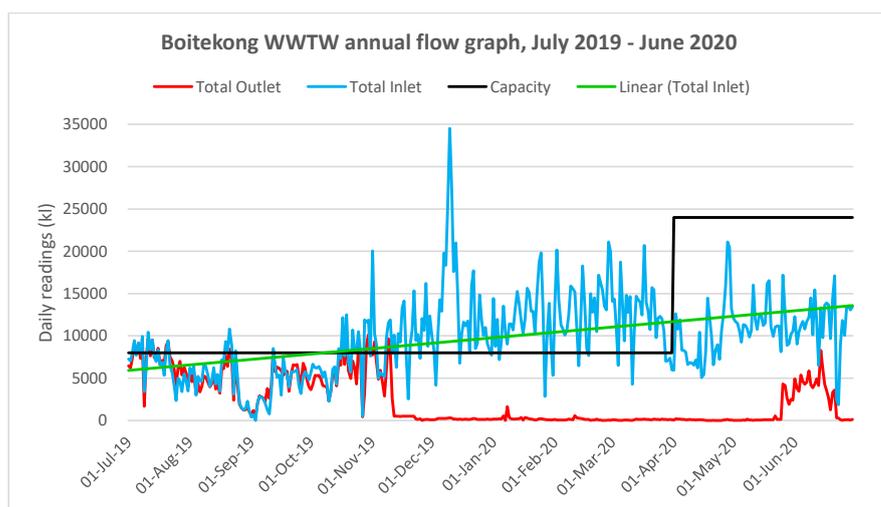
1. RLM was assisted to formalise the industrial effluent tariffs and water services bylaws during the 2017 / 2018 financial year, these were promulgated on 10 September 2019.
2. The quality of industrial effluent discharged into the sewer system is monitored on a regular basis at Rainbow Chickens.
3. The quality of inflow in 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.

## 12. BOITEKONG WASTE WATER TREATMENT WORKS

The Boitekong Sewage Treatment Plant is an activated sludge plant which previously had a design capacity of 8 Mℓ/d which was recently upgraded to 24 Mℓ/d. During the period from 1 July 2019 to 30 June 2020 the average flow was of 9.75 Mℓ/d.



\*Outlet flow measurement affected by construction activities from mid November 2019.

### Effluent Quality

During the period under review, various phases of the extension and upgrading project were completed and brought on line, but the project was only completed by the end of March 2020 - near the end of the period under review. After completion of the project, various actions were undertaken in order to fine tune the processes. The full impact of the upgrading should lead to improved results in future.

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 2019 to 30 June 2020.

**Table 6: Quality Measurement at Boitekong Waste Water Treatment Works**

Determinant	Performance standard	Previous Performance 01 July 2018 - 30 June 2019		Current Performance 01 July 2019 - 30 June 2020	
		Performance achieved	Compliance %	Performance achieved	Compliance %
• pH	• 6.5 - 8.5	• 6.52 - 7.91	100%	• 7.37 - 8.43	100%
• Elec. Conductivity	• <150 mS/m	• 88 - 115 mS/m	100%	• 97 - 145 mS/m	100%
• COD	• < 75 mg/ℓ	• 15 - 39 mg/ℓ	100%	• 15 - 77 mg/ℓ	92%
• Ammonia	• <1 mg/ℓ	• 0.16 - 1.27 mg/ℓ	92%	• 0.1 - 30.4 mg/ℓ	42%
• Nitrate	• < 15 mg/ℓ	• 2.82 - 19.80 mg/ℓ	92%	• 0.3 - 9.4 mg/ℓ	100%
• Suspended Solids	• < 25 mg/ℓ	• 2 - 2 mg/ℓ	100%	• 2 - 3 mg/ℓ	100%
• Faecal Coliform	• < 0 / 100mℓ	• 0 - 201 / 100mℓ	83%	• 0 - 230 / 100mℓ	92%
• Free Chlorine	• < 0.25 mg/ℓ	• 0.20 - 0.35 mg/ℓ	25%	• 0.20 - 0.37 mg/ℓ	33%
• Ortho-Phosphate	• < 1.0 mg/ℓ	• 0.50 - 8.05 mg/l	83%	• 0.05 - 5.01 mg/ℓ	67%
<b>OVERALL COMPLIANCE</b>			<b>85%</b>		<b>80.7%</b>

#### Performance Review

The plant's performance was similar to the previous year as far as compliance is concerned. The determinants which were not compliant were:-

- COD. There was only one value outside the limit.
- Free Chlorine. Although the standard for free Chlorine was exceeded, it was marginal, and the effect on the receiving waters is negligible as the concentration will be diluted considerably to well within the limit.
- E-coli: The higher chlorine had the beneficial effect that the e-coli count was, with one exception, consistently within limits. No resampling was done.
- Ammonia: With the excess loading it will be impossible to remove Ammonia consistently. This is also the case with the orthophosphates falling outside the limits.

#### Restitution Measures

It would appear that numerous sewer blockages occurred during the first portion of the period under review, up to the middle of October, with average inflows at 5.4 Mℓ/d, compared to an average inflow of 11.6 Mℓ/d for the remainder of the period. Stormwater infiltration accounted for some of this increases and the unblocking of major blockages on outfall sewers accounted for the other dramatic increases witnessed.

During this period, the upgrading and extension project was completed – increasing the capacity of the Works from 8 Mℓ/d to 24 Mℓ/d.

**Construction activities**

The construction for the upgrade of the plant from 8 Mℓ/d to 24 Mℓ/d started in 2015. The civil work was completed in January 2017. Due to financial constraints the Mechanical & Electrical contractor was not able to complete the works and this led to the appointment of a completion Contractor in August 2018. The project was effectively completed in March 2020 with only a few snags left to complete at that stage.

**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 555 hrs - which causes major havoc to the effective operation of the Works.

**13. LETHABONG WASTE WATER TREATMENT WORKS**

The Lethabong Waste Water Treatment Works serves the township of Lethabong. It is designed for 2 Mℓ/d and is an activated sludge plant capable of basic nutrient removal. The incoming flow during the review period was still very erratic with the highest recorded inflow of 8.23 Mℓ/d. The value of the inflows appears to still be an issue and the Operator has experienced numerous problems with the flow meter readings that appear unreliable. The average production value is 1.49 Mℓ/d.

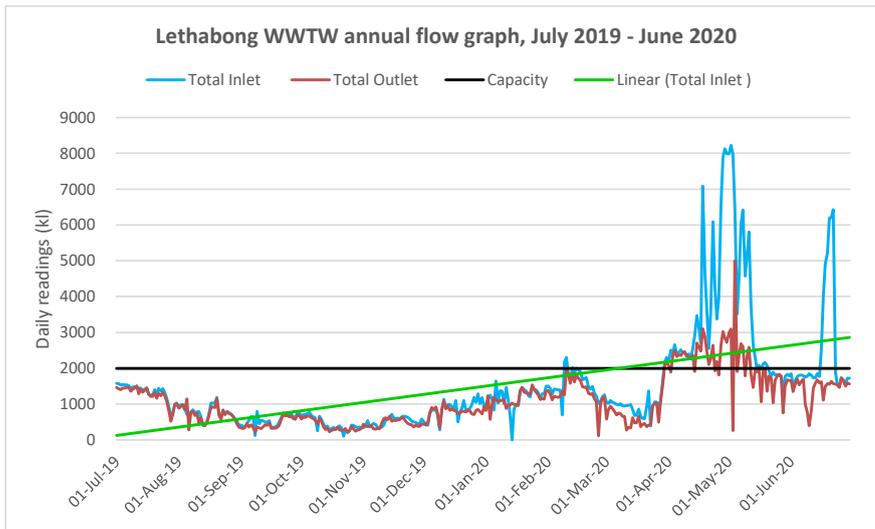


Table 7 below reflects the performance of the Lethabong Waste Water Treatment Works, for the 12 month period under review.

Table 7: Quality Measurement at Lethabong Waste Water Treatment Works

Determinant	Performance standard	Previous Performance 01 July 2018 - 30 June 2019		Current Performance 01 July 2019 - 30 June 2020	
		Performance achieved	Compliance %	Performance achieved	Compliance %
• pH	• 6.5 - 8.5	• 7.52 - 8.54	92%	• 7.56 - 8.45	100%
• Elec. Conductivity	• <150mS/m	• 99 - 140 mS/m	100%	• 83 - 108 mS/m	100%
• COD	• < 75 mg/ℓ	• 15 - 15 mg/ℓ	100%	• 14.6 - 17 mg/ℓ	100%
• Ammonia	• <1 mg/ℓ	• 0.16 - 0.32 mg/ℓ	100%	• 0.1 - 0.21 mg/ℓ	100%
• Nitrate	• < 15 mg/ℓ	• 7.4 - 16.3 mg/ℓ	92%	• 6.42 - 12.0 mg/ℓ	100%
• Suspended Solids	• < 25 mg/ℓ	• 2 - 2 mg/ℓ	100%	• 2 - 3 mg/ℓ	100%
• Faecal Coliform	• < 0/100mℓ	• 0 - 1/100mℓ	92%	• 0 - 0 / 100mℓ	100%
• Free Chlorine	• < 0.25 mg/ℓ	• 0.22 - 0.42 mg/ℓ	33%	• 0.24 - 0.46 mg/ℓ	17%*
• Ortho-Phosphate	• < 1.0 mg/ℓ	• 0.5 - 1.69 mg/ℓ	42%	• 0.46 - 2.39 mg/l	25%
<b>OVERALL COMPLIANCE</b>			<b>83.4%</b>		<b>82.4%</b>

\*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.

#### Restitution Measures

The water and sewer reticulation systems in Lethabong need to be rehabilitated and refurbished where required. It is believed that there are sections in the sewerage reticulation where portions of the line do not have a sufficient gradient. It is further believed that large numbers of houses have not been connected to the reticulation. In order to address the situation the following will need to be done:

1. A CCTV inspection of the sewer lines to identify and pin-point problem areas;
2. A level survey and compilation of actual as-built layouts and long sections;
3. A survey of the number of stands connected to the system;
4. An investigation regarding the ingress of rainwater into the sewer system;
5. Planning and design of reinstatement plans for the water, sewer and stormwater systems;

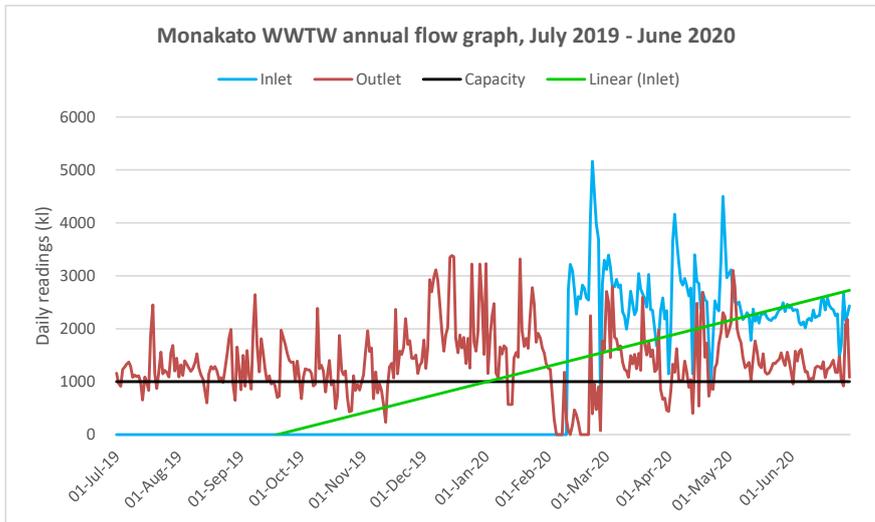
6. Implementation.

**Challenges outside 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.

**14. 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 2.55 Mℓ/day but there was a period up until 11 February 2020 when the inflow meter wasn’t working so this average only covers the last 4½ months. A minimum daily flow of 0.67 Mℓ/day was recorded whilst the maximum daily flow was 5.16 Mℓ, which is more than 5x the design capacity. Such an excess will naturally have an effect on the effluent quality. The accuracy of the flow readings under high inflow conditions is not accurate as the inlet works, where the measurements are taken, 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 2018 - 30 June 2019		Current Performance 01 July 2019 - 30 June 2020	
		Performance achieved	Compliance %	Performance achieved	Compliance %
• pH	• 6.5 - 8.5	• 7.43 - 8.32	100%	• 7.3 - 8.55	92%
• Elec. Conductivity	• <150 mS/m	• 105 - 152 mS/m	92%	• 83 - 127 mS/m	100%
• COD	• < 75 mg/ℓ	• 91 - 314 mg/ℓ	Non-Compliant	• 48 - 145 mg/ℓ	17%
• Ammonia	• <1 mg/ℓ	• 11.50 - 40.30 mg/ℓ	Non-Compliant	• 4.55 - 29.3 mg/ℓ	Non-Compliant
• Nitrate	• < 15 mg/ℓ	• 1.10 - 3.32 mg/ℓ	100%	• 0.1 - 3.4 mg/ℓ	100%
• Suspended Solids	• < 25 mg/ℓ	• 2 - 78 mg/ℓ	42%	• 2 - 53 mg/ℓ	67%
• Faecal Coliform	• < 0/100mℓ	• 0 - 990/100mℓ	83%	• 0 - 0 / 100mℓ	100%
• Free Chlorine	• < 0.25 mg/ℓ	• 0.23 - 0.40 mg/ℓ	8%	• 0.24 - 0.32 mg/ℓ	33%
• Ortho-Phosphate	• < 1.0 mg/l	• 1.96 - 5.60 mg/l	Non-Compliant	• 0.42 - 3.75 mg/l	8%
<b>OVERALL COMPLIANCE</b>			<b>47%</b>		<b>57.4%</b>

#### Performance Review

The performance of the plant was the same as in the previous 12 months. The plant was not designed to perform in accordance with the license conditions, but it did perform remarkably well in this respect.

#### Restitution Measures

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.

A new distribution pipeline to increase the flow distribution effectiveness and retention time through the oxidation ponds was installed. The cost of the installation of PVC curtains in the oxidation ponds in order to prevent short-circuiting was considered too exorbitant, and was put on hold pending further funding for the upgrade of the plant.

#### Challenges outside the Operator's Control

The Monakato upgrade project needs to be given a high priority on the priority list for MIG projects.

### 15. CONCLUSION - WASTE WATER TREATMENT WORKS

The plants have performed relatively well during the 12 month period 1 July 2019 to 30 June 2020, and although all the standards were not consistently achieved, deviations from standards were not significant. Although there is room for improvement, some successes have been achieved.

Based on the performance results discussed above, it is clear that there are a number of common factors which negatively affect the performance of all the plants. These are indicated below.

**Incoming Flow:** Most of the time the incoming flow varies little from the average flow, during which times the plants operate satisfactorily. At times, however, the inflow can increase up to 550% of the design flow, particularly during rainy seasons, and at times it can reduce to about 20% of the norm as a result of blockages. Large fluctuations in flow have a 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.

**Power Failures:** It appears that only Boitekong WWTW has been adversely affected by power supply issues during the period under review, which in turn affects the performance of the Works.

**Process Failure:** At times illegal tanker discharges or illegal spillages from industries or other sources cause process failures. Restitution measures have however reduced both the frequency and severity of these occurrences. In addition the Operator continuously updates the Risk Abatement Plans following the lessons learned from previous such events.

## WATER PURIFICATION PLANTS

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.

### 16. 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 to enable to cope with the highly eutrophic water from Bospoort Dam. The primary objective of Bospoort Water Purification Works is to produce potable water fully compliant with SANS 241. Average production for the period under review was 9.86 Mℓ/d.

In August 2017 Contractors commenced with the construction of the civil work to double the plant capacity to 24 Mℓ/d. It is expected that the civil work will be completed by the end of August 2020, and is currently 97% complete. The Contractor was recently delayed due to Covid-19 lockdowns. The work has however been delayed due to the fact that the Mechanical and Electrical tender appointment has been put on hold, for legal investigations into the tender process.

The table 9 below summarises the performance of the Works during the 2019/2020 reporting period:

**Table 9: Quality Measurement at Bospoort Water Treatment Works**

Key performance indicator	Target	Current Performance 01 July 2019 - 30 June 2020
Production from the plant must be equal to design capacity of 12 Mℓ/d	Production to be at least 90% of the design capacity (10.8 Mℓ/d)	The average daily production over the period under review was 9.86 Mℓ/d (82.2%).
Water Quality to comply with SANS 241	100% Compliance	98% compliance was achieved, which is the same as 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 2018 - 30 June 2019		Current Performance 01 July 2019 - 30 June 2020	
		Performance achieved	Compliance %	Performance achieved	Compliance %
		Colour Pt-Co	• <15	10 - 10	100%
Treated Conductivity (mS/m)	• <170 mS/m	128 - 159 mS/m	100%	1.08 - 169 mS/m	100%
TDS	• <1200 mg/ℓ	870 - 1094 mg/ℓ	100%	686 - 1133 mg/ℓ	100%
pH (pH units)	• >5.0 <9.7	7.57 - 7.80	100%	7.2 - 8.21	100%
Turbidity NTU	• <1	0.22 - 0.68	100%	0.17 - 3.15	90%
Calcium (mg/ℓ)	• <150 mg/ℓ	74.8 - 218.0 mg/ℓ	92%	57.6 - 278 mg/ℓ	91%
Faecal Coliform	• <0 cfu/100mℓ	0 - 1 cfu/100mℓ	92%	0 - 0 cfu/100mℓ	100%
Chloride (mg/ℓ)	• <300 mg/ℓ	221 - 268 mg/ℓ	100%	172 - 288 mg/ℓ	100%
Fluoride (mg/ℓ)	• <1.5 mg/ℓ	0.10 - 0.23 mg/ℓ	100%	0.08 - 0.52 mg/ℓ	100%
Magnesium (mg/ℓ)	• <70 mg/ℓ	35.0 - 51.50 mg/ℓ	100%	30.3 - 46.7 mg/ℓ	100%
Sulphate (mg/ℓ)	• <250 mg/ℓ	120 - 190 mg/ℓ	100%	73.3 - 150 mg/ℓ	100%
Heterotrophic Plate Count cfu/mℓ	• <1000 cfu/mℓ	0 - 1001 cfu/mℓ	92%	0 - 1000 cfu/mℓ	100%
Total Coliform cfu/mℓ	• <10 cfu/100 mℓ	0 - 4 cfu/100mℓ	100%	0 - 200 cfu/100mℓ	92%
Free Chlorine (mg/ℓ)	• <5 mg/ℓ	1.22 - 1.70 mg/ℓ	100%	0.31 - 2.2 mg/ℓ	100%
<b>OVERALL COMPLIANCE:</b>			<b>98.3%</b>		<b>98.1%</b>
<b>PLANT CAPACITY = 12 Mℓ/d: PRODUCTION PERFORMANCE TARGET = 90% of plant capacity</b>					
<b>Production target = 10.8 Mℓ/d</b>		<b>Average production = 9.86 Mℓ/d</b>			<b>82.2%</b>
<b>1. Comments per determinant</b> <ul style="list-style-type: none"> <li>• Colour Pt-Co: Compliant</li> <li>• Treated Conductivity: Compliant</li> <li>• TDS: Compliant</li> <li>• pH: Compliant</li> <li>• Turbidity NTU: 90% Compliant</li> <li>• Calcium: 91% Compliant</li> <li>• E-coli: Compliant</li> <li>• Chloride: Compliant</li> <li>• Fluoride: Compliant</li> <li>• Magnesium: Compliant</li> <li>• Sulphate: Compliant</li> <li>• Heterotrophic Plate Count: Compliant</li> <li>• Total Coliform: 92% Compliant</li> <li>• Free Chlorine: Compliant</li> </ul>		<p style="text-align: center;"><b>Production performance</b></p> <p>Plant production is stopped by power failures, full reservoirs, and pipe breaks. These are all outside of the control of the Operators.</p>			

### Performance Review

There were plant stoppages to the total of 1102 hours during this period, which is one of the reasons the plant did not reach its production target. The majority of these were as a result of power failures and load shedding, with planned and unplanned shut-downs for maintenance and repairs on the pipelines 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.

The Bospoort plant had to be stopped on numerous occasions during this period due to the fact that the reservoirs were full. This constitutes the third reason for the plant not reaching its production target.

As far as quality of the water is concerned, the chloride values, which used to pose a problem, were within the limits during this review period. All the incidents where values were outside the limits, were isolated cases of marginal excesses which did not pose any health risks.

### Restitution Measures

The Operator has no control over the quality of the source water. Due to the lack of efforts to remove blockages from the outfall sewers serving the Boitekong WWTW, a significant amount of untreated sewerage is finding its way into Bospoort Dam. Drastic and urgent efforts are therefore required to address all these blockages. The resultant improvement in the quality of source water will unfortunately be slow once these measures are implemented.

### Challenges outside the Operator's Control

The Operator cannot control the management of reservoir levels. 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.

## 17. 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 0.592 Mℓ/day.

The table 11 below summarises the performance of the Works during the 2019/2020 reporting period:

Table 11: Quality Measurement at Kloof Water Treatment Works

Key performance indicator	Target	Performance 30 June 2018
Production from the plant must be equal to design capacity of 2 Mℓ/d	Production be 90% or more of the design capacity	The average production for the twelve months ending 30 June 2020 was 0.592 Mℓ/d, which is basically the same as the previous year's production of 0.552 Mℓ/d.
Water Quality to comply with SANS 241	100% Compliance	Compliance was 97%. This is slightly lower than the 99% 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		Current Performance period 01 July 2019 - 30 June 2020	
		Performance achieved	Compliance %	Performance achieved	Compliance %
Colour Pt-Co	• <15	10 - 11	100%	10 - 10	100%
Treated Conductivity (mS/m)	• <170mS/m	8.75 - 17.7 mS/m	100%	5.39 - 15.7 mS/m	100%
TDS	• <1200 mg/ℓ	61.25 - 124.0 mg/ℓ	100%	38.0 - 110.0 mg/ℓ	100%
pH	• >5.0 <9.7 pH Units	6.94 - 7.69	100%	6.61 - 7.48	100%
Turbidity NTU	• <1 mg/ℓ	0.31 - 1.04 mg/ℓ	92%	0.32 - 4.56 mg/ℓ	75%
Calcium (mg/ℓ)	• <150 mg/ℓ	4.91 - 13.20 mg/ℓ	100%	1.84 - 13.70 mg/ℓ	100%
Faecal Coliform	• <0 cfu/100mℓ	0 - 0 cfu/100mℓ	100%	0 - 33 cfu/100mℓ	94.6%
Chloride (mg/ℓ)	• <300 mg/ℓ	8.56 - 24.92 mg/ℓ	100%	2.43 - 24.4 mg/ℓ	100%
Fluoride (mg/ℓ)	• <1.5 mg/ℓ	0.10 - 0.13 mg/ℓ	100%	0.0 - 0.52 mg/ℓ	100%
Magnesium (mg/ℓ)	• <70 mg/ℓ	2.89 - 6.27 mg/ℓ	100%	1.64 - 5.33 mg/ℓ	100%
Sulphate (mg/ℓ)	• <250 mg/ℓ	3.29 - 12.90 mg/ℓ	100%	1.0 - 16.1 mg/ℓ	100%
Heterotrophic Plate Count cfu/100mℓ	• <1000 cfu/mℓ	0 - 18 cfu/mℓ	100%	0 - 350 cfu/mℓ	100%
Total Coliform cfu/100mℓ	• <10 cfu/100mℓ	0 - 22 cfu/100mℓ	92%	0 - 200 cfu/100mℓ	94.6%
Free Chlorine (mg/ℓ)	• <5 mg/ℓ	0.08 - 0.73 mg/ℓ	100%	0.02 - 0.81 mg/ℓ	100%
<b>OVERALL COMPLIANCE:</b>			<b>98.9%</b>		<b>97.4%</b>
<b>PLANT CAPACITY = 2 Mℓ/d. PRODUCTION PERFORMANCE TARGET = 90% of plant capacity</b>					
<b>Production target = 1.8 Mℓ/d</b>		<b>Average production = 0.592 Mℓ/d</b>			<b>29.6%</b>
<b>1. Comments per determinant</b> <ul style="list-style-type: none"> <li>• Colour Pt-Co: Compliant</li> <li>• Treated Conductivity: Compliant</li> <li>• TDS: Compliant</li> <li>• pH: Compliant</li> <li>• Turbidity NTU: 75% Compliant</li> <li>• Calcium: Compliant</li> <li>• E-coli: 94.6% Compliant</li> <li>• Chloride: Compliant</li> <li>• Fluoride: Compliant</li> <li>• Magnesium: Compliant</li> <li>• Sulphate: Compliant</li> <li>• Heterotrophic Plate Count: Compliant</li> <li>• Total Coliform: 94.6% Compliant</li> <li>• Free Chlorine: Compliant</li> </ul>		<p style="text-align: center;"><b>Production performance</b></p> <p>Plant production is stopped by power failures, full reservoirs and low availability of water from Kloof Dam. These are all outside of the control of the Operators.</p>			

### **Performance Review**

The dam feeding the Kloof Water Treatment Works previously ran empty, so in order to improve production a borehole was sunk below the dam wall and this made a significant difference. The average dam level for the period under review was 79%, with a minimum level of 30%.

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 on a daily basis to prevent further contamination.

The plant is a relatively simple process. Because of the high quality of the source nothing more sophisticated is necessary. But the plant cannot treat turbidity or 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 to improve the yield of the dam was successful and it is expected that production will in future come close to the target, pending other issues outside the Operators control.

### **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 795 hrs of production loss during the period under review. This was a contributing factor why production targets were not met.

## **18. CONCLUSION - WATER TREATMENT WORKS**

Except for those circumstances which cannot be controlled, the two water treatment plants performed very well during the 12 month period of 1 July 2019 to 30 June 2020.

## **19. CURRENT PROJECTS**

RWST has appointed Rustenburg Consulting Consortium (RCC) to assist with the implementation of the construction projects.

### **19.1. Boitekong Waste Water Treatment Works**

The construction work on the upgrading of the plant from 8 Mℓ/d to 24 Mℓ/d commenced in 2015. The work was divided into a Civil component and a Mechanical and Electrical (M&E) component.

The Civil component was completed, on time and within budget, in February 2017. Due to financial constraints the Mechanical & Electrical contractor was not able to complete the works and this led to the appointment of a completion Contractor in August 2018. The project was effectively completed in March 2020 with only a few snags left to complete at that stage.

RCC is overseeing the project and managing the expenditure, progress and quality.

### **19.2. 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 in order to improve the operation and maintenance of the Works, as well as the effluent quality.

### **19.3. Bospoort Water Treatment Works.**

The construction work on the upgrading of the plant from 12 Mℓ/d to 24 Mℓ/d commenced in 2017. The work was divided into a Civil component and a Mechanical and Electrical (M&E) component. The Civil component of the work was due to be completed in January 2019. However, numerous delays have led to a revised completion date of the end of August 2020.

RCC is overseeing the project and managing the expenditure, progress and quality.

The M&E component of the work has been stalled due to a delay in the procurements process resulting in the contract of the appointed M&E contractor being cancelled.

### **19.4. Bospoort pipeline and reservoir.**

The request for additional funding for the project was 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.

## **20. 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 3.99 times including cash and 2.29 times 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 2.29 times higher than the annual commitments.

Attached is the annual financial statements for the period ending 30 June 2020.

## 6.5 REPORT OF THE AUDITOR GENERAL ON THE RUSTENBURG WATER SERVICES TRUST



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

1. I have audited the financial statements of the Rustenburg Water Service Trust set out on pages 443 to 462, which comprise the statement of financial position as at 30 June 2020, and the statement of financial performance, statement of changes in equity, cash flow statement and statement of comparison of actual vs budget for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Rustenburg Water Service Trust as at 30 June 2020, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA).
3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the 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.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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## Material uncertainty relating to going concern

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. As disclosed in note 22, the Rustenburg Local Municipality has failed to honour an agreement entered into between the trust and the municipality for the municipality to pay long outstanding debtors due to the trust. As stated in note 22, trust is dependent on the municipality paying this outstanding amount to continue to operate as a going concern. As a result, the non payment of this amount indicate that a material uncertainty exists that may cast significant doubt on the trust's ability to continue as a going concern

## Other matters

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

## Unaudited disclosure notes

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

## Unaudited supplementary schedules

10. The supplementary information set out on pages 463 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

## Responsibilities of the accounting officer for the financial statements

11. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
12. In preparing the financial statements, the accounting officer is responsible for assessing the Municipal entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the 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

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

### Report on the audit of the annual performance report

## Introduction and scope

15. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
16. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipal entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
17. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the municipal entity for the year ended 30 June 2020:

Objectives	Pages in the annual performance report
Objective 2 – Procure the construction and oversee implementation	438
Objective 3 – Operation & maintenance of treatment plants	438
Objective 4 – Provide portable water to Rustenburg Local Municipality	439
Objective 5 – Supply treated water to industry off-taker	439

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

## Objective 2 - Procure the construction and oversee implementation

### Various indicators

20. The achievements reported in the annual performance report materially differed from the supporting evidence provided for the indicators listed below:

Indicator description	Reported achievement	Audited Value
KPI 3. Percentage completion of sewer purification plants upgrading projects (Boitekong)	20%	23%
KPI 8. Percentage completion of water treatment plants - civil works upgrading project (Bospoort)	16%	28%

## Objective 3 – Operation & maintenance of treatment plants

21. I did not identify any material findings on the usefulness and reliability of the reported performance information for this objective.

---

## Objective 4 - Provide portable water to Rustenburg Local Municipality

### KPI 9. Volume of potable water supplied to RLM in accordance with the Water Supply Agreement

22. The reported target of an average 12.6 MI/day did not agree with the planned target of an average 10.8 MI/day as per the approved annual performance plan. Furthermore, the target per the approved annual performance plan was changed without the necessary approval.

## Objective 5 – Supply treated water to industry off-taker

23. I did not identify any material findings on the usefulness and reliability of the reported performance information for this objective.

## Other matters

24. I draw attention to the matters below.

### Achievement of planned targets

25. Refer to the annual performance report on pages 404 to 434 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 20 and 22 of this report.

## Report on audit of compliance with legislation

## Introduction and scope

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

### Financial statements

28. 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 leasehold improvements, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

### Procurement and contract management

29. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a).

### Expenditure management

30. Money owed by the municipal entity was not always paid within 30 days, as required by section 99(2)(b) of the MFMA.

### Other information

31. 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.
32. 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.
33. 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.
34. 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

35. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.
- The leadership of the municipal entity has established effective internal controls, however management's internal controls and processes over the preparation and presentation of financial statements and performance information were not able to produce financial and performance reports that were free from material misstatements and the consequential compliance findings. As a result, material corrections had to be made to the financial statements.

*Auditor - general*

Rustenburg

30 April 2021



AUDITOR - GENERAL

SOUTH AFRICA

Auditing to build public confidence

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## Annexure – Auditor-general’s responsibility for the audit

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

### Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in the auditor’s report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipal’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’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 municipal entity to cease to continue as a going concern.



**ANNUAL FINANCIAL STATEMENTS**

**30 JUNE 2020**

*Ver 9*

## Rustenburg Water Services Trust

FINANCIAL STATEMENTS  
For the year ended 30 June 2020



### TRUST INFORMATION

TRUST REFERENCE NUMBER : IT 6155/03

### TRUSTEES

Date of appointment

TJ Ehlers - active	1 Dec 2009
Vineesh Dilrook	12 Dec 2019
Jacey Kruger	12 Dec 2019
Adv Mphahle	12 Dec 2019
Kgomotso Kumbi	12 Dec 2019

TRUST ADMINISTRATOR : Batseta Holdings

REGISTERED OFFICE : Missionary Mpheni House  
Cnr Nelson Mandela and Beyers Naude Drive  
Rustenburg  
0300

POSTAL ADDRESS : Rustenburg Water Service Trust  
Post net Suite 4490  
Private bag X 82323  
Rustenburg  
0300

AUDITORS : Office of the Auditor-General  
124 Kock Street  
Rustenburg  
0300

BANKERS : ABSA Business Bank  
91 Church Street  
Klerksdorp  
5271

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## Rustenburg Water Services Trust



### TRUSTEES' REPORT For the year ended 30 June 2020

The trustees present their annual report of the Trust, for the year ended 30 June 2020.

#### 1 General information

The Trusts objective is to procure the design, construction, implementation, operation and maintenance of the Rustenburg, Scopport and the Bobeking water supply scheme in the most cost effective manner and for the purpose of maximising 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

	2020	2019
	R	R
Revenue	200 442 531	183 719 063
Operating surplus	79 345 968	70 156 255
Net surplus for the period	75 427 453	66 825 920
Total assets	951 500 100	889 464 962
Total liabilities	105 570 540	126 476 983

#### 4 Statutory funds

A donation of R1, 000 was donated by the donors as per the Deed of the Trust

#### 5 Financial objectives and performance against forecasts

Financial performance for the 12 month period was satisfactory, in line with management's expectations. Collection of long outstanding debtors became problematic during the year and is receiving attention.

#### 6 Trustees and secretary

The following are the registered Trustees of the Trust at the Master of the High Court. Their term expired and RLM are in the process of replacing them.

30-Jun-20		30-Jun-19	
Vineth Ditsook	Active	Rafal Khan	RLM - deceased
Jacoby Kruger	Active	Chabang Khutsokane	RLM - expired
Adv Mphahle	Active	Dalay Sedumedi	RLM - expired
Xgomoto Kumbie	Active	Torrence Mathonsi	RLM - expired
Theuns Ehlers	ABSA - active	Theuns Ehlers	ABSA - active

#### 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 96 of 2003, the audit will be conducted by the Office of the Auditor-General.

#### 9 Statements of responsibility

The Trustees are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statement and related information. The auditors are responsible to report on the fair representation of the financial statements. The financial statements are prepared in accordance with and comply with Statements of Generally Recognised Accounting Practice (GRAP) and in the manner required by the Municipal Systems Act.

The Trustees are responsible for the Trust's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the Trustees to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the Trustees have every reason to believe that the Trust has adequate resources in place to continue in operation for the foreseeable future, however the users attention is drawn to note 22 in this regard.



## Rustenburg Water Services Trust



TRUSTEES' REPORT (Continued)  
For the year ended 30 June 2020

### 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 2020 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 RWSf 2017/02 to the amount of R 85 million. The Rustenburg Water Service Trust contract was used and signed for by the accounting officer of the parent municipality, without a delegated authority. This contract was found to be irregular by the AG and remedial actions was issued by the AG to the municipal manager during the audit of RLM's 30 June 2018 Annual Financial Statements. There is a lost opportunity cost in this regard.

### 12 Subsequent events - going concern

The attention of the users of the financial statements are drawn to the fact that an agreement between the Trust and RLM was reached on 2 July 2019 whereby RLM committed to pay the long outstanding debtors to the amount of R 156 million over a period of 36 months and to keep our invoices on 30 days. RLM failed to honour this agreement. The ability of RLM to honour the agreement impacts on the ability of the Trust to operate as a going concern. RLM gave further commitment to pay but they are struggling to honour the commitment.

The financial statements were accepted by the Accounting Officer on 19 April '21 and are duly signed:

  
ADMINISTRATOR

**Rustenburg Water Services Trust**



**STATEMENT OF FINANCIAL POSITION**  
At 30 June 2020

	NOTES	2020 R	2019 R
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Long term liabilities	0	21 054 582	56 095 176
<b>Current liabilities</b>			
Trade and other payables (exchange transactions)	8	25 201 906	18 108 775
Short Term Portion of Liabilities	5	35 540 593	31 386 027
VAT payable		23 773 459	22 377 006
		84 515 958	71 881 808
<b>Total Liabilities</b>		<b>105 570 540</b>	<b>128 476 983</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Leasehold improvements	3	599 190 479	605 168 754
Financial assets	6	133 012 489	104 517 631.90
		732 202 968	709 686 386
<b>Current assets</b>			
Trade receivables (exchange transactions)	6	139 121 285	88 766 987
Trade receivables (non-exchange transactions)	6	10 154 200	12 235 124
Cash and cash equivalents	7	70 030 714	88 776 465
		219 306 199	189 778 576
<b>Total Assets</b>		<b>951 509 168</b>	<b>899 464 962</b>
<b>NET ASSETS</b>			
Statutory funds		1 000	1 000
Revaluation Surplus		265 353 339	266 137 556
Distributable reserves	-1	580 584 288	504 849 423
<b>TOTAL NET ASSETS</b>		<b>846 938 627</b>	<b>770 987 979</b>

## Rustenburg Water Services Trust



### STATEMENT OF COMPREHENSIVE INCOME For the year ended 30 June 2020

		2020	2019
		R	R
<b>REVENUE - From exchange transactions</b>			
Sales - water		203 442 551	183 719 053
<b>COST OF SALES</b>			
Rustenburg WWTW	23	52 150 744	44 284 501
Sehlabeng WWTW		11 109 008	9 983 906
Seopiso WWTW		15 163 549	15 212 836
Koed WWTW		1 743 441	1 632 881
Mosakato WWTW		1 041 263	1 007 408
Lethabong WWTW		2 576 424	2 531 407
Effluent monitoring		703 232	829 092
<b>Operator overheads</b>			
Day works and provisional sums		903 792	880 824
Management and general staff		5 039 634	4 687 815
		90 431 877	77 730 779
<b>GROSS MARGIN</b>		113 010 674	105 988 283
		56%	58%
<b>OTHER INCOME - From exchange transactions</b>			
Profit on disposal of fixed assets		9 405	9 791
		9 405	9 791
<b>OTHER INCOME - From non-exchange transactions</b>			
MIG grant funding		11 665 817	16 458 952
MIG grant funding - RLM (VAT effect)		2 058 874	2 904 188
		128 741 571	125 359 194
<b>EXPENSES</b>			
Auditors Remuneration		946 517	709 881
Bank charges		13 239	12 063
Depreciation		32 508 454	38 074 109
Insurance		842 214	858 210
Impairment loss	18	264 830	340 116
Legal Fees		186 859	181 683
O & M Supervision		2 788 001	2 203 545
Repairs	24	8 772 968	9 757 357
Trust administrator's remuneration		2 818 870	2 283 782
Trustees Remuneration		141 083	-
DWS Compliance		212 131	184 380
		47 495 803	55 202 939
<b>Surplus from operations</b>		79 245 958	70 156 255
<b>Finance costs</b>			
Interest received (from non exchange transactions)		6 358 089	10 435 071
Interest paid (from non exchange transactions)	9	(10 176 804)	(13 765 406)
<b>Surplus for the year</b>		75 427 453	66 825 920

**Rustenburg Water Services Trust**



**STATEMENT OF COMPARISON OF ACTUAL VS BUDGET**  
For the year ended 30 June 2020

	Actual 2020 R	Budget 2020 R	% Variance 2020 R	
<b>REVENUE</b>				
Sales: RLM	139 455 872	128 911 621	8.18%	Acceptable
Sales: Mines	63 986 679	68 260 183	-6.26%	Acceptable
<b>TOTAL REVENUE</b>	<b>203 442 551</b>	<b>197 171 805</b>		
<b>COST OF SALES</b>	<b>90 431 877</b>	<b>88 682 937</b>	<b>-4.32%</b>	<b>Acceptable - Volume</b>
<b>GROSS MARGIN</b>	<b>113 010 674</b>	<b>110 488 867</b>		
<b>OTHER INCOME</b>				
Profit on disposal of fixed assets	6 408	-		Not budgeted for
MIG grant funding	11 065 817	-		Risk CAPEX
MIG grant funding - RLM (VAT effect)	2 058 674	-		
	<b>13 730 897</b>	<b>-</b>		
<b>EXPENSES</b>	<b>Actual</b>	<b>Budget</b>		
Auditors Remuneration	946 517	755 610	-25.23%	Additional scope
Bank charges	13 239	13 439	1.49%	Acceptable
Consulting and Ad Hoc services	-	3 000 000	100.00%	Budget to be adjusted
Depreciation	32 508 454	38 602 034	15.79%	Acceptable
Impairment loss	264 836	-		No budget amount
DWS Compliance	212 131	-		Budget to be adjusted
Insurance	842 214	884 688	4.80%	Acceptable
Legal Fees	188 869	268 250	29.81%	Acceptable, saving
Repairs	6 772 988	13 317 339	49.14%	Saving, budget adj
Trust administrator's remuneration	2 818 670	2 726 468	-3.36%	Acceptable
Trustees Remuneration	141 063	323 148	58.34%	Acceptable, saving
O&M Supervision	2 788 601	2 720 847	-2.49%	Acceptable
Leasing Charges	220 161	289 140	23.06%	Budget to be adjusted
Master Plan - IMQS - GLS	-	138 070		Budget to be adjusted
	<b>47 715 764</b>	<b>63 037 234</b>		
<b>Surplus from operations</b>	<b>79 025 807</b>	<b>47 451 633</b>		
<b>Finance costs - net</b>				
Interest received	6 358 089	11 726 842	-45.78%	Budget to be adjusted
Interest paid	-9 956 443	-9 949 538	-0.07%	Acceptable
<b>Surplus for the period</b>	<b>75 427 453</b>	<b>49 228 938</b>		
<b>DSCR:</b>				
EBIT & Depreciation	99 000 444	99 003 857		
Reserves	70 020 714	70 020 714		
Bank repayments	41 146 409	41 148 408		
Including reserves	4.43	3.79		
Excluding reserves	2.43	2.09		

**Rustenburg Water Services Trust**



**STATEMENT OF CHANGES IN EQUITY**  
For the year ended 30 June 2020

	Note	Statutory funds R	Retained Earnings R	Revaluation Surplus R	Total R
Balance at 30 June 2012		1 000	78 935 878	124 187 880	203 124 558
Surplus for the year			21 105 656		21 105 656
Impairment adjustment for the year				(700 759)	(700 759)
Balance at 30 June 2013		1 000	100 041 534	123 486 921	223 529 455
Surplus for the year			34 331 616		34 331 616
Impairment adjustment for the year				(588 134)	(588 134)
Balance at 30 June 2014		1 000	134 373 150	122 898 787	257 272 037
Surplus for the year			64 976 901		64 976 931
Impairment adjustment for the year				(121 282)	(121 282)
Balance at 30 June 2015		1 000	199 350 051	122 777 505	322 128 596
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				147 678 158	147 678 158
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	266 539 021	704 553 496
Surplus for the year			66 825 620		66 825 620
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	18			(478 805)	(478 805)
Revaluation surplus transferred			307 412	(307 412)	-
Balance at 30 June 2020		1 000	580 584 288	265 353 338	845 938 626



**Rustenburg Water Services Trust**



**STATEMENT OF CASH FLOWS**  
For the year ended 30 June 2020

	NOTES	2020 R	2019 R
<b>Cash flows from operating activities</b>			
Cash receipts from operating activities		140 388 810	154 620 088
Cash paid to suppliers		96 961 670	96 993 071
Cash generated from operations	1C	41 436 940	57 627 017
Interest paid		(10 176 804)	(13 765 406)
Interest received		6 358 089	10 435 071
<b>Net cash flow from operating activities</b>		<b>37 618 425</b>	<b>54 296 682</b>
<b>Cash flows from investing activities</b>			
Proceeds on disposal of property, plant and equipment		3 409	1 291
Acquisition of property, plant and equipment		(24 974 557)	(51 005 272)
<b>Net cash flow from investing activities</b>		<b>(24 968 151)</b>	<b>(50 995 481)</b>
<b>Cash flow from financing activities</b>			
Long term Liabilities	A	(31 396 027)	(27 786 902)
<b>Net cash flow from financing activities</b>		<b>(31 396 027)</b>	<b>(27 786 902)</b>
Net decrease in cash and cash equivalents		(18 745 753)	(24 485 701)
Cash and cash equivalents at beginning of year		88 776 467	113 262 168
<b>Cash and Cash equivalents at end of year</b>	7	<b>70 030 714</b>	<b>88 776 467</b>



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## Rustenburg Water Services Trust



### ACCOUNTING POLICIES

For the year ended 30 June 2020

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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 15B, Statutory Receivables  
GRAP 20, Related Party Disclosures (Revised)

#### 2 TRADE RECEIVABLES

All receivables constitutes receivables from both exchange transactions and non-exchange transactions. Trade receivables are initially recognised at cost. Consumer debtors are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year-end. Bad debts are written off during the year in which they are identified.

#### 3 TRADE PAYABLES

Trade payables are initially recognised at cost. Trade payables are measured and carried at fair value.

#### 4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are initially recognised at cost. Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid with original maturities of 12 months or less, and bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities, when applicable.

#### 5 BORROWINGS AND BORROWING COST

Borrowings are recognised initially at the fair value of proceeds received, net of transaction cost incurred, when they become party to the contractual provisions. Borrowings are subsequently stated at amortised cost using the effective interest rate method, any difference between proceeds (net of transaction cost) and the redemption value is recognised in the income statement over the period of the borrowings as interest. Initial borrowing cost were capitalised until the assets became productive.



## Rustenburg Water Services Trust



ACCOUNTING POLICIES (Continued)  
For the year ended 30 June 2020

### 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 capitalised 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 - 30 years
Moveable 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.



## Rustenburg Water Services Trust



ACCOUNTING POLICIES (Continued)  
For the year ended 30 June 2020

### 8 PROVISIONS

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

### 9 REVENUE RECOGNITION

Revenue comprise of exchange transactions as well as non-exchange transactions. Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Trust's activities. Revenue is shown net of value added tax. The Trust recognises revenue when the amount of revenue can be reliably measured, it is possible that future economic benefits will flow to the Trust and specific criteria have been met for each of the Trust's activities described below.

#### (a) Sale of goods

The entity purifies water at its plants and sells the purified water to its customer, Rustenburg Local Municipality. Sale of water is recognised when the entity has delivered the water to the customer.

#### (b) Interest income

Interest income is recognised on a time proportion basis using the effective interest rate method unless collectability is in doubt.

#### (c) Contributions received

Contributions received for refurbishment of infrastructure are recognised in the year it is received and as the costs of the projects incurred.

#### (d) MIG Grants received

Contributions received for refurbishment of infrastructure are recognised in the year it is received and as the costs of the projects incurred.

### 10 RESERVE ACCOUNTS

#### Contingency Reserve Account

Means the contingency reserve created by the borrower and to be held in the contingency reserve account. If the required level is exceeded the excess will be deposited into the Distribution Reserve Account. The amount in the account will be utilised for paying the costs of maintenance work, which falls outside the ambit of the Operating & Maintenance Agreement.

#### Debt Service Reserve Account

Means the debt service reserve created by the borrower and to be held in the debt service reserve account. If the required level is exceeded the excess can be deposited in the Distribution account. The amount in the account will utilised for purpose of the repayment of the Term Loan.

#### Industrial Contingency Reserve account

Means the industrial contingency reserve created by the borrower and to be held in the industrial contingency reserve account. If the required level is exceeded the excess will be deposited into the Distribution Reserve Account. The amount in the account will be utilised for undisputed claims of the Industrial Off-Takers in accordance with the Industrial Off-Take Agreements.

### 11 FINANCIAL INSTRUMENTS

Financial instruments recognised in the balance sheet include loans, trade and other receivables, trade and other payables and cash and cash equivalents.

Financial assets and financial liabilities are recognised on the Trust's balance sheet when the Trust becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at the fair value of the consideration given (in the case of an asset) or received (in the case of a liability) for it. Cash flows relating to current receivables are generally not discounted, unless significant.

Financial instruments are subsequently measured in terms of GRAP 104.45. Cash & cash equivalents, receivables and trade payables are subsequently measured at fair value, whilst long term liabilities are subsequently measured at amortised cost.

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legal right to set-off the recognised amounts, and the Trust intends to settle on a net basis or to realise the asset and the liability simultaneously.

Financial assets or a portion of the financial assets are de-recognised when the Trust loses control of the contractual rights that comprise the financial asset. The Trust loses such control if it 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.

## Rustenburg Water Services Trust



ACCOUNTING POLICIES (Continued)  
For the year ended 30 June 2020

### 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. Replacement of 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.



## Rustenburg Water Services Trust



ACCOUNTING POLICIES (Continued)  
For the year ended 30 June 2020

### 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.

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Contributions received for refurbishment of infrastructure are recognised in the year it is received and as the costs of the projects incurred.

#### (d) MGD Grants received

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### 10 RESERVE ACCOUNTS

#### Contingency Reserve Account

Means the contingency reserve created by the borrower and to be held in the contingency reserve account. If the required level is exceeded the excess will be deposited into the Distribution Reserve Account. The amount in the account will be utilised for paying the costs of maintenance work, which falls outside the ambit of the Operating & Maintenance Agreement.

#### Debt Service Reserve Account

Means the debt service reserve created by the borrower and to be held in the debt service reserve account. If the required level is exceeded the excess can be deposited in the Distribution account. The amount in the account will be utilised for purpose of the repayment of the Term Loan.

#### Industrial Contingency Reserve account

Means the industrial contingency reserve created by the borrower and to be held in the industrial contingency reserve account. If the required level is exceeded the excess will be deposited into the Distribution Reserve Account. The amount in this account will be utilised for undisputed claims of the Industrial Off-Takers in accordance with the Industrial Off-Take Agreements.

### 11 FINANCIAL INSTRUMENTS

Financial instruments recognised in the balance sheet include loans, trade and other receivables, trade and other payables and cash and cash equivalents.

Financial assets and financial liabilities are recognised on the Trust's balance sheet when the Trust becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at the fair value of the consideration given (in the case of an asset) or received (in the case of a liability) for it. Cash flows relating to current receivables are generally not discounted unless significant.

Financial instruments are subsequently measured in terms of GRAP 104.45. Cash & cash equivalents, receivables and trade payables are subsequently measured at fair value, whilst long term liabilities are subsequently measured at amortised cost.

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legal right to set-off the recognised amounts, and the Trust intends to settle on a net basis or to realise the asset and the liability simultaneously.

Financial assets or a portion of the financial assets are de-recognised when the Trust loses control of the contractual rights that comprise the financial asset. The Trust loses such control if it 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.

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**Rustenburg Water Services Trust**



ACCOUNTING POLICIES (Continued)  
For the year ended 30 June 2020

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**12 GOING CONCERN**

The financial statements are prepared using the Going Concern basis, which assumes that the Trust will be able to meet the mandatory payments on a day to day basis. If for any reason the Trust is unable to continue as a going concern, it could have an impact on the Trust's ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in the financial statements. In this regard please refer to note 22 on subsequent events.

**13 ROUNDING**

The numbers presented in the financial statements are rounded to the nearest rand.



## Rustenburg Water Services Trust



NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2020

### 1. FINANCIAL RISK MANAGEMENT

The Trust is exposed to financial risk through its financial assets and financial liabilities. The Trustee 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 2020



### 3. LEASE HOLD IMPROVEMENTS

	2020			2019		
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value
Land & Buildings	38 611 043	(14 563 260)	24 047 783	38 629 891	(13 733 788)	24 896 103
Plant & Equipment	977 972 368	(677 751 381)	300 220 987	877 107 864	(598 504 136)	278 603 727
Movable's	1 779 211	(1 686 989)	110 222	1 700 259	(1 595 433)	104 826
Work in Progress	224 811 506	-	224 811 506	201 564 077	-	201 564 077
<b>Total</b>	<b>1 243 174 128</b>	<b>-443 983 630</b>	<b>800 190 478</b>	<b>1 219 002 091</b>	<b>-413 833 357</b>	<b>805 168 734</b>

#### Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions / Asset Allocations	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	3 969 308	-	(32 262 048)	350 310 987
Movable's	104 826	103 100	-	(97 704)	110 222
Work in Progress	201 564 077	23 247 429	-	-	224 811 506
<b>Total</b>	<b>608 168 752</b>	<b>27 271 821</b>	<b>-</b>	<b>(33 260 096)</b>	<b>802 180 477</b>

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

	Opening balance	Additions	Disposals / Asset Allocations	Depreciation and impairment	Carrying value
Land & Buildings	22 560 299	70 841	3 343 231	(876 248)	24 896 122
Plant & Equipment	360 190 700	1 831 466	46 697 697	(30 666 544)	378 603 727
Movable's	467 961	-	-	(353 135)	114 826
Work in Progress	200 254 196	51 301 037	(50 041 128)	-	201 564 077
<b>Total</b>	<b>883 273 156</b>	<b>83 263 344</b>	<b>-</b>	<b>(31 895 927)</b>	<b>934 640 573</b>

Assets consist Portion 4 of the farm Tweedepoort 283JQ, commonly known as Bospoort Treatment Plant, a portion of portion 1 of Town and town lands of Rustenburg 272JQ, commonly known as Rustenburg Sewage Treatment Plant, and portions of the farms PTN 54, PTN 23, PTN 76, PTN 22, PTN 21& PTN 41 commonly known as Boleburg Sewage Treatment Plant.

The assets are encumbered by a general notarial bond, as security for the loan facility referred to in note 5.

The assets were revalued and re-classified in the 2017 financial year, the depreciated replacement cost method was used to revalue.

WIP to the value of R 40,504,894 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 50 years.

## Rustenburg Water Services Trust

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
For the year ended 30 June 2020



	2020 R	2019 R
<b>4 DISTRIBUTABLE RESERVES</b>		
At beginning of year	504 849 423	438 013 476
Profit for the year	75 427 433	66 825 920
	<u>580 276 876</u>	<u>504 839 396</u>
Revaluation reserve transferred	307 412	26 390
Correction of error		(16 363)
Balance at end of year	<u>580 584 288</u>	<u>504 849 423</u>
<b>5 LONG TERM LIABILITIES</b>		
<b>Non-current</b>		
<b>5.1 Bank borrowings</b>		
ABSA Bank Limited	54 750 904	85 940 864
The loan is secured by:		
• a general notarial bond over the movable assets of the Trust with a carrying value of	110 222	104 826
• cession of the Rustenburg Lease Agreement		
• the Debt Service Reserve Account, the Contingency Reserve Account and the Industrial Contingency Reserve Account.		
The loan bears interest at a fixed rate of 12.34% NACM. The loan is repayable over a period of 15 years. Initial borrowing costs were capitalised		
Less: short term portion	<u>(35 289 315)</u>	<u>(31 189 960)</u>
	<u>19 461 589</u>	<u>54 750 904</u>
<b>5.2 Finance lease liabilities</b>		
Rustenburg Local Municipality	1 844 271	2 050 338
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	<u>(251 278)</u>	<u>(206 067)</u>
	<u>1 592 993</u>	<u>1 844 271</u>
<b>5.2.1 Reconciliation of future minimum lease payments to the present value of future minimum lease payments.</b>		
Future minimum lease payments	2 473 206	2 899 434
Not later than 1 year	447 058	428 228
Later than 1 year and not later than 5 years	2 026 138	1 929 111
Later than 5 years	-	544 095
Interest	<u>(628 935)</u>	<u>(849 096)</u>
Present value of future minimum lease payments	1 844 271	2 050 338
Not later than 1 year	251 278	206 067
Later than 1 year and not later than 5 years	1 592 993	1 342 147
Later than 5 years	-	502 124

## Rustenburg Water Services Trust



### NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 30 June 2020

	2020	2019
	R	R
<b>6 TRADE AND OTHER RECEIVABLES (from exchange transactions)</b>		
Debtors' ageing		
Current	33 035 812	26 477 021
30 days	20 428 745	15 920 682
60 days	17 922 860	12 121 153
90 days +	210 746 595	144 713 434
Insurance - Prepayments	273 133 774	193 238 279
	46 340	
Transferred to non-current financial assets	272 133 774	193 238 619
	(133 212 488)	(104 517 632)
	<u>139 121 285</u>	<u>88 786 887</u>

An agreement was reached on 2 July 2019 whereby RLM would repay the non-current portion of their debt over a 36 month period without any interest accruing. The first date of repayment was 31 July 2019. RLM breached the agreement on 31 August 2019. The Trust decided not to impair the RLM debtor at this point because RLM made a payment on 12 November 2019. RLM remain in breach, however they made further commitments to pay.

Another agreement was reached on 21 July 2020 whereby RLM would repay the non-current portion of their debt over a 48 month period without any interest accruing. RLM remains in breach of this agreement. The Trust will continue to assess the situation.

#### TRADE AND OTHER RECEIVABLES (from non-exchange transactions)

Debtors' ageing		
Current	7 364 566	3 960 681
30 days	-	1 132 191
60 days	-	2 617 505
90 days +	2 799 632	4 524 747
	<u>10 164 200</u>	<u>12 235 124</u>

	2020 Balances		2019 Balances	
	Opening	Closing	Opening	Closing
<b>7 CASH AND CASH EQUIVALENTS</b>				
ABSA Bank Limited				
Distribution Reserve Account	52 430	5 916 641	5 257 311	52 430
Distribution Call Account	47 689	8 854 903	17 946 778	47 689
Contingency Reserve Account - Current	6 190	-	6 890	6 190
Industrial Reserve account - Current	539	-	496	539
Debt Service Reserve Account - Current	34 846	-	34 702	34 946
Contingency Reserve Account - Investment	9 006 050	1 032	15 940 730	9 006 050
Industrial Reserve account - Investment	3 443 127	1 032	3 207 199	3 443 127
Debt Service Reserve Account - Investment	76 185 594	55 257 109	70 965 018	76 185 594
	<u>89 779 465</u>	<u>70 030 714</u>	<u>119 262 167</u>	<u>89 779 465</u>

The contents of the Contingency Reserve, the Industrial and Debt Service Reserve Accounts are ceded to the bank in terms of note 5.

For the purpose of the cash flow statement, the year-end cash and cash equivalents comprise the following:

Cash resources	<u>70 030 714</u>	<u>89 779 465</u>
----------------	-------------------	-------------------

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.

<b>8 TRADE AND OTHER PAYABLES (from exchange transactions)</b>		
Trade payables	<u>25 221 808</u>	<u>16 108 775</u>
<b>9 FINANCE COSTS - NET</b>		
Interest received		
Current Account	6 338 088	10 435 071
Interest paid		
Current and Long Term Loans	(9 956 443)	(13 525 888)
Finance Lease	(220 981)	(239 518)
	<u>(3 839 336)</u>	<u>(3 330 335)</u>



## Rustenburg Water Services Trust



NOTES TO THE FINANCIAL STATEMENTS (Continued)  
For the year ended 30 June 2020

	2020 R	2019 R
<b>10. CASH GENERATED FROM OPERATIONS</b>		
Surplus before tax	73 427 453	66 825 925
Adjustments for:		
Interest paid	10 176 904	13 765 406
Interest received	(6 358 086)	(10 435 071)
Depreciation	32 508 454	38 674 109
Net loss on disposal of fixed assets	-6 400	-9 791
Impairment	364 836	340 116
	112 012 057	104 160 689
Changes in working capital:		
Trade and other receivables	(70 708 232)	(48 480 085)
Payables	6 182 319	(3 673 587)
Cash generated from operations	47 486 144	51 627 017

### 11. FINANCIAL INSTRUMENTS

#### Credit risk

Financial assets, which potentially subject the Trust to concentrations of credit risk, consist principally of cash, short-term deposits and trade receivables. The Trust's cash equivalents and short-term deposits are placed with high-credit quality financial institutions. Credit risk with respect to trade receivables is limited due to the fact that there is only one major customer, the Rustenburg Local Municipality.

#### Fair values

The fair values of the financial assets and liabilities are disclosed in the relevant notes.

#### Interest rate risk

The Trust's income and operating cash flows are substantially independent of changes in market interest rates. The Trust has no significant interest bearing assets.

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Trust aims at maintaining flexibility in funding by keeping committed credit lines available.

	2020 R	2019 R	
<b>Financial instruments at amortised cost</b>			
Finance lease liability - Rustenburg Local Municipality	1 644 271	2 050 336	Exposed to interest rate risk
Long-term liabilities - Bank borrowings	84 759 904	85 940 884	Exposed to interest rate risk
<b>Financial instruments at fair value</b>			
Cash resources	70 030 714	88 776 465	Exposed to liquidity risk
Trade receivables	282 287 874	205 519 743	Exposed to credit risk
Trade and other payables	25 201 906	18 108 775	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.

	2020	2019
Water Sales to RLM	139 443 872	119 389 764
Accounts Receivable - Water Sales	(290 548 232)	(181 488 276)
EDH Recovery to RLM	-	129 843
Accounts Receivable - EDH	(2 172 656)	(2 172 656)
MIG Grant Funding	13 724 490	19 361 120
Accounts Receivable - MIG	(7 981 544)	(10 062 467)
Finance Lease Liabilities	1 644 271	2 050 336
Interest paid - Finance Lease	(226 161)	(239 518)

## Rustenburg Water Services Trust



NOTES TO THE FINANCIAL STATEMENTS (Continued)  
For the year ended 30 June 2020

RELATED PARTY TRANSACTIONS (Continued)	2020	2019
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	6 358 059	10 435 071
Bank Charges	(13 239)	(12 063)
Interest paid on term loan	(9 956 442)	(13 525 886)
Term Loan	54 750 904	85 940 954
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.		
Vinash Dilock	45 808	-
Jacoby Kruger	31 750	-
Adv Mphahle	31 750	-
Kgonobiso Kurube	31 750	-
	<u>161 058</u>	<u>-</u>

### 14 COMPARISON TO BUDGET

The actual performance is compared to the budget and is included on the Statement of Comparison of Actual vs Budget.

### 15 IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

The Trust is not aware of any irregular, or fruitless and wasteful expenditure which occurred during the financial year. The Trust however did receive a formal objection from one or more of its bidders on tender RWST2017002, this matter is receiving attention. This contract was found to be irregular by the AG and remedial actions was issued by the AG to the municipal manager during the audit of RLM's 30 June 2018 Annual Financial Statements. There is a lost opportunity cost in this regard.

### 16 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 / Lekrathe	1 029 131	17 423 905
Ultimate Dynamics	5 536 556	13 553 015
Ecologies	157 608	254 833
RCC	2 120 634	5 471 717

### 17 INTERGOVERNMENTAL ALLOCATIONS

The net amount of VAT paid over to the South African Revenue Services

9 430 610

5 715 058

### 18 IMPAIRMENT

	Recognised in net assets	Recognised in surplus / deficit
Land & Buildings	23 333	4 766
Plant & Equipment	453 381	259 256
Miscellaneous	<u>91</u>	<u>834</u>
	<u>476 805</u>	<u>264 856</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 asset's 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.26 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.

**Rustenburg Water Services Trust**



NOTES TO THE FINANCIAL STATEMENTS (Continued)  
For the year ended 30 June 2020

**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 cases where there is no certainty over the ownership of the assets. During 2018/17 the municipality started a section 78 process. This is a clear indication that the assets will not revert back to the Municipality after the lease expiry date and as a result the Trust now had reason to deviate from IAS17 and could no longer limit the remaining useful life to the end of the lease period. During the 2017 revaluation, condition assessments were performed, new residual values and estimated useful lives were determined resulting in a lower depreciation charge.

The amount of the effect in the current and future periods could not be disclosed, estimating it is impracticable due to the fact that the change in residual values and estimated useful lives were identified as part of the 2017 revaluation and could not be differentiated.

**20 DEVIATION FROM COMPETITIVE BIDDING**

During the financial year we deviated from competitive bidding 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. Both contracts will go out on tender in the following financial year.

**21 CONTINGENT LIABILITIES**

The attention of the users of the financial statements are drawn to potential litigation with regards to contract RWGT 2017/02 to the amount of R 85 million. The Rustenburg Water Service Trust contract was used and signed for by the accounting officer of the parent municipality, without a delegated authority. The legal team of RLM was instructed by the municipal manager at the time to terminate contract 2017/02.

**22 SUBSEQUENT EVENTS - GOING CONCERN**

The attention of the users of the financial statements are drawn to the fact that an agreement between the Trust and RLM was reached on 21 July 2020 whereby RLM committed to pay the long outstanding debtors to the amount of R 216 million over a period of 48 months and to keep our invoices on 30 days. RLM failed to honour this agreement. The ability of RLM to honour the agreement depends on the ability of the Trust to operate as a going concern. RLM gave further commitment to pay but they are struggling to honour the commitment.

	2020	2019
<b>23 COST OF SALES</b>		
Cost of sales attributable to water purification works	18 008 327	18 140 647
Cost of sales attributable to sewerage purification works	72 325 850	59 690 123
	<u>90 434 177</u>	<u>77 830 770</u>
<b>24 REPAIRS</b>		
Repairs attributable to water purification works	903 003	962 000
Repairs attributable to sewerage purification works	5 860 025	8 204 054
	<u>6 772 088</u>	<u>9 175 957</u>
<b>25 CORRECTION OF ERROR</b>	2019	Prior
<b>25.1 The Trust capitalised cost to WIP in 2016, and expensed it in 2019</b>		
O & M Supervision was debited (statement of comprehensive income)	10 362	
WIP was credited (balance sheet)	10 362	
<b>25.2 The Trust did not declare output VAT on MG Grant Funding received</b>		
Dr MG Grant Funding received (statement of comprehensive income)	2 904 168	
Dr Distributable Reserves (balance sheet)		18 830 008
Cr SARS VAT payable (balance sheet)	2 904 168	18 830 008
<b>25.3 Commitments</b>		
The commitments of 2019 have been re-stated to be more reflective of the remaining contract values, refer to note 16		

Rustenburg Water Services Trust

APPENDICES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2020



ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

INFRASTRUCTURE ASSETS

	CAPITAL PROJECTS (WIP)	Water purification works	Sewerage purification works	Total
	R	R	R	R
<b>2020</b>				
Cost/ Revaluation	224 811 507	305 909 086	712 454 536	1 243 174 129
Accumulated Depreciation	-	(251 737 880)	(382 245 770)	(633 983 650)
Net Book Amount	224 811 507	54 171 205	320 208 766	599 190 478
<b>2019</b>				
Cost/ Revaluation	201 564 077	304 695 691	712 742 323	1 219 002 091
Accumulated Depreciation	-	(245 404 541)	(368 426 758)	(613 833 339)
Net Book Amount	201 564 077	59 291 151	344 315 524	605 168 752

**APPENDIX A : COUNCIL COMMITTEES AND COMMITTEE PURPOSE**

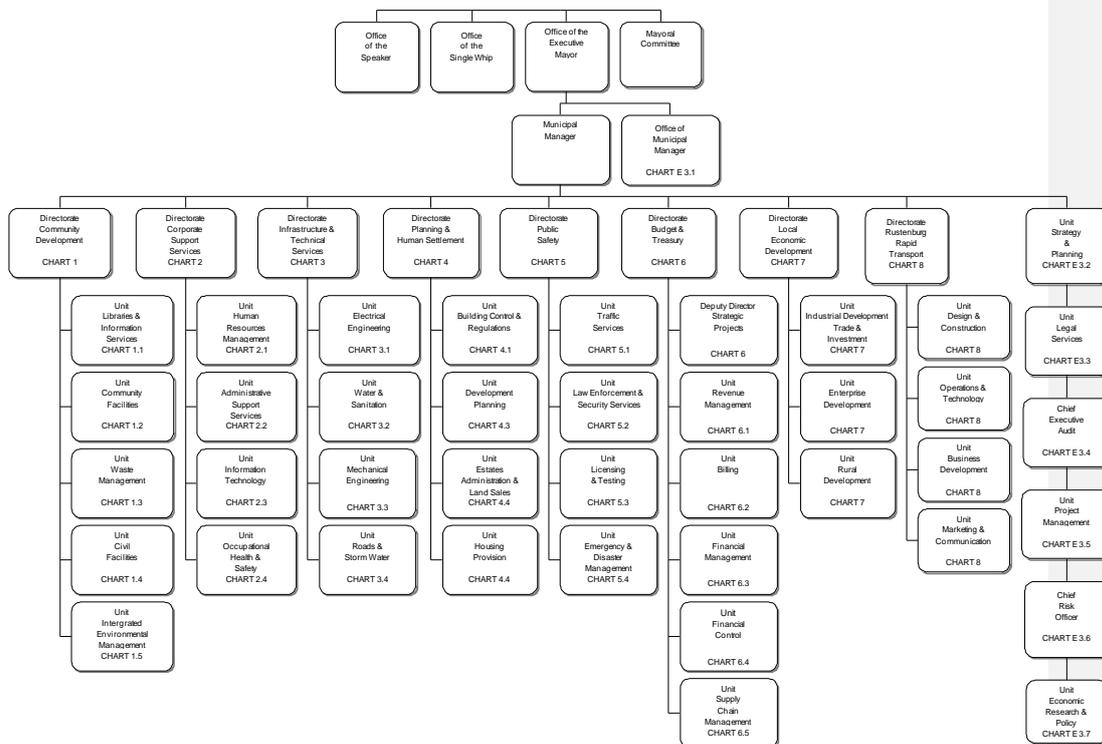
<b>Section 79 Committees</b>		
<b>No.</b>	<b>Name of Committee</b>	<b>Purpose of Committee</b>
1.	Rules of Order	To regulate the internal arrangements, business and proceedings, establishment, composition, procedure, powers and functions of its Council and Committees and to provide for matters incidental 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.

**APPENDIX B: COMMITTEE AND COMMITTEE PURPOSE**

<b>Section 80 Committees</b>		
<b>No.</b>	<b>Name of Committee</b>	<b>Purpose of Committee</b>
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

<b>Section 80 Committees</b>		
<b>No.</b>	<b>Name of Committee</b>	<b>Purpose of Committee</b>
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

POWERS AND FUNCTIONS	DESCRIPTION	Performed/ Not Performed
Control of Undertakings that sell Liquor to the Public	Includes inspection service to monitor liquor outlets for compliance to license requirements.	NP
Facilities for the accommodation, Care and Burial of Animals	Control and monitoring of facilities which provide care for the animals and their burial or cremation	NP
Fencing and Fences	Provision and maintenance or regulation of any boundary or deterrents to animals and pedestrians along a street or road.	NP
Licensing of Dogs	Control over the number and health status of dogs through a licensing mechanism.	NP
Licensing and control of Undertakings that sell Food to the Public	Maintenance of environmental health standards through regulation, licensing and monitoring of any place that supply refreshments or food for consumption to the public.	P
Local Amenities	Provision, maintenance and control of any municipal land or building reserved for the protection of places or scenic objects, historical and cultural value or interest.	P
Local Sport Facilities	Provision, management and control of any sport facility within the municipal area.	P
Markets	Establishment operation or management of markets other than fresh produce markets.	NP
Municipal Abattoirs	Establishment, conduct and control of facilities for the slaughtering of livestock.	NP
Municipal Parks and Recreation	Provision, management and control of any land or gardens set aside for recreation, sightseeing and or tourism.	P
Municipal Roads	Construction, maintenance and control of a roads.	P
Noise Pollution	Control and monitoring of any noise that might affect human health or wellbeing.	P
Pounds	The provision, management and maintenance of a facility set aside for securing animals confiscated by the municipality.	P
Public Places	Management, maintenance and control of any land or facility for public use.	P
Refuse Removal, Refuse Dumps and Solid Waste Disposal	Removal of any household or other waste and the disposal of such waste in an area.	P
Street Trading	Control, regulation and monitoring of eth selling of goods and services along public pavement or road reserve.	P
Street Lighting	Provision and maintenance of lighting for illuminating of streets.	P
Traffic and Parking	Management and regulation of traffic and parking within the area of the municipality.	P
Municipal Public Works	Any supporting infrastructure or services to empower a municipality to perform its functions.	P
Cleansing	Cleaning of public places.	P

## APPENDIX E: WARD REPORTING

### WARD COMMITTEES ROLES AND FUNCTIONS

From a broader view of community participation, the legislation on local government set clear mechanism for the establishment of the ward committees as a structure to liaise with the municipalities. Establishing ward committee is currently not mandatory for municipality and thus not all municipalities have to have them. However, legislation makes it mandatory for municipalities to develop mechanism to consult and involve communities in the affairs of the municipality and its processes.

Municipalities are obliged to develop lasting and successful model by ensuring that participation takes place through these established structured and as are institutionalized. They are creation of legislation, the Municipal Structure act, giving effect to the Constitution of the South Africa. Ward Committees are a part of local government and an important way of achieving the aims of local governance and democracy as mentioned in the constitution,1996. these structures are a committee of not more than 10 members of a ward and ward councillor is the chairperson.

Its role is to facilitate participatory democracy; disseminate information; help rebuild partnership for better service delivery; and assist with problems experienced by the people at ward level. A general understanding has emerged that ward committee is an area based committee whose boundaries coincide with the boundaries. Ward committee resource book (2005:20) provide this information of a particular ward:

- Are made up of representatives of a particular ward
- Are made up of members who represent various interests within a ward
- Are chaired by the Ward Councillor
- Give the community members the opportunity to express their needs, opinions on issues that affect their lives and to have them heard at the municipal level via ward councillor
- Are advisory bodies created within the sphere of the community to assist the ward in carrying out his or her mandate in the most democratic manner

## APPENDIX F: WARD INFORMATION

Addressed with Appendix O.

## APPENDIX G: REPORT AND RECOMMENDATIONS OF THE MUNICIPAL PERFORMANCE AUDIT COMMITTEE (PAC)

## APPENDIX H: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

### PRIVATE PUBLIC PARTNERSHIP

No.	Responsible Directorates and Units	Service Provider	Description	Bid/Contract No.	Commencement Date	Expiry Date	Period	Contract Value.
1	Local Economic Development	Tulanie Trust T/A Omaramba Vakansie-Oord En Konferensie Sentrum & Rustenburg Kloof Resort Cc	Management And Maintenance Agreement	N/A	2004/12/24	2024/12/24	240 months	5% of monthly turnover

### RUSTENBURG WATER SERVICES TRUST

No	Responsible Directorates And Units	Service Provider	Description	Bid /Contract No.	Commencement Date	Expiry Date	Period	Contract Value.
1	Water & Sanitation	Rustenburg Water Services Trust	Bulk Water Supply And Water Treatment	N/A	2003.10.27	2018.10.27 (Extended)	15 YEARS	Per rate

## APPENDIX I: MUNICIPAL ENTITY/SERVICE PROVIDER PERFORMANCE SCHEDULE

Addressed with Section 46 Report

**APPENDIX J: DISCLOSURE OF FINANCIAL INTEREST (SENIOR MANAGERS)**

NAME	DIRECTORATE	DIVISION	POSITION	PERSONAL	DISCLOSURE	1	2	3	4	5	6	7	8	9
				INFO FORM	OF BENEFITS	Shares	Direct orship	Interest in any Trust	Member of Close Corp.	Other Financial Int.	Consultancies Retainerships	Sponsorships	Gifts	Interest in Land/property
Halenyane MMG	Planning and Human Settlement	Planning and Human Settlement	Director: Planning and Human Settlement	X	X	-	-	-	-	-	-	-	-	X
Rampete NM	Community Development	Community Development	Director: Community Development	X	X	X	X	X	X	-	-	-	-	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	-	-	-	-	-	-	-
Masilo O	Technical and Infrastructure Services	Technical and Infrastructure Services	Director: Technical and Infrastructure Services	X	X	-	-	-	-	-	-	-	-	-

**APPENDIX K: REVENUE COLLECTION PERFORMANCE**

	2019	2020	NORM/RANGE
	<b>R'000</b>	<b>R'000</b>	
<b>Result =</b>	<b>78%</b>	<b>73%</b>	
Gross Debtors closing balance	4 786 139	5 725 933	95%
Gross Debtors opening balance	3 999 140	4 786 139	
Bad debts written Off		51 513	
Billed Revenue	3 598 446	3 617 547	

APPENDIX L: CONDITIONAL GRANTS 2019/2020 FINANCIAL YEAR

Name of Grant	Opening Balance	Grants Received	Grants Withheld	Grants Utilized	Closing Balance	Percentage of Grants Utilized	Delayed and/or withheld	Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*)See below	Reason for Non-compliance
EQUITABLE SHARE	-	586,052,000.00	89,400,000.00	(675,452,000.00)	-	-100%	No	WSIG roll-over not approved	Yes	N/a
LG SETA	1,187,836.85	977,530.69	-	-	2,165,367.54		No	N/a	Yes	N/a
BPDM	50,013,172.00	(50,000,000.00)		-	13,172.00		No	N/a	Yes	N/a
EEDG	-	-		-	-		No	N/a	Yes	N/a
DPLG	4,030,802.96	-		(2,014,142.21)	2,016,660.75		No	N/a	Yes	N/a
DSAC - Sun City	34,995.00	-		-	34,995.00		No	N/a	Yes	N/a
DSAC - Afcon	-	-		-	-		No	N/a	Yes	N/a
DWAF	357,926.07	-		-	357,926.07		No	N/a	Yes	N/a
EPWP	-	3,786,000.00		(3,786,000.00)	-	-100%	No	N/a	Yes	N/a
FMG	(0.16)	1,700,000.00		(1,700,000.00)	(0.16)	-100%	No	N/a	Yes	N/a
LOTTERY	11,771.00	-		-	11,771.00		No	N/a	Yes	N/a
MSIG	-	-		-	-		No	N/a	Yes	N/a
OTHER	7,543,744.05	-		-	7,543,744.05		No	N/a	Yes	N/a
HOUSING - DPLG	442,590.00	-		-	442,590.00		No	N/a	Yes	N/a
RBA WESTERN BY PASS	4,563,739.00	-		-	4,563,739.00		No	N/a	Yes	N/a
MINES	-	-		-	-		No	N/a	Yes	N/a
NEIGHBOURHOOD	5,000,000.00	20,000,000.00	(5,000,000.00)	(2,283,863.16)	17,716,136.84		No	N/a	Yes	N/a
SEED	422,186.00	-		-	422,186.00		No	N/a	Yes	N/a
SKILLS LEVY	572,132.41	-		-	572,132.41		No	N/a	Yes	N/a
HOUSING PROJECT ACCOUNT	15,305,872.44	134,097,050.00		-	149,402,922.44		No	N/a	Yes	N/a
INEG	-	15,410,000.00		(8,689,564.33)	6,720,435.67	-56%	No	N/a	Yes	N/a
DSAC - Library	2,699,233.32	1,465,000.00		(1,247,649.58)	2,916,583.74	-30%	No	N/a	Yes	N/a

Name of Grant	Opening Balance	Grants Received	Grants Withheld	Grants Utilized	Closing Balance	Percentage of Grants Utilized	Delayed and/or withheld	Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*)See below	Reason for Non-compliance
MIG	8,500,000.00	235,107,000.00		(238,192,771.87)	5,414,228.13	-98%	No	N/a	Yes	N/a
PTIS	-	-		-	-		No	N/a	Yes	N/a
PTNS	182,810,443.65	218,911,000.00	(84,400,000.00)	(191,465,646.56)	125,855,797.10	-60%	No	N/a	Yes	N/a
GRANT RENOVATION OLD MARIKANA HOUSE	7,067.00	-		-	7,067.00		No	N/a	Yes	N/a
NSCOOP	89,272.53	-		-	89,272.53		No	N/a	Yes	N/a
WSIG	12,461,742.74	88,000,000.00		(93,872,444.15)	6,589,298.59	-93%	No	N/a	Yes	N/a
	296,054,526.86	1,255,505,580.69	-	(1,218,704,081.85)	332,856,025.70					

APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/ RENEWALPROGRAMME: INCLUDING MIG

Annexure_Capital Expenditure	
Description of Project	Additions 2019-2020
RAMOTSHANA AND SONDELA PHASE 5 ROADS & STORM WATER	193,316.20
UPGRADING OF THE BULK SEWER LINES TO THE WWTW (WESTERN AREA)	3,520,035.25
REPLACEMENT OF TLHABANE AC SEWER BULK LINE (B)	2,274,873.19
REPLACEMENT OF TLHABANE AC SEWER BULK LINE (A)	5,745,180.60
WATER CONSERVATION	36,959,272.92
RUSTENBURG FLEA MARKET	969,358.09
UPGRADING OF PHOKENG GA-LUKA INTERNAL ROADS (WARD 3)	12,657,453.01
UPGRADING OF PHOKENG GA-LUKA INTERNAL ROADS (WARD 4)	11,269,343.67
UPGRADING OF PHOKENG GA-LUKA INTERNAL ROADS (WARD 5)	9,181,340.09
UPGRADING OF PHOKENG GA-LUKA INTERNAL ROADS (WARD 6)	6,401,507.83
CONSTRUCTION OF BOITEKONG ROADS AND STORMWATERS (WARD 20)	2,646,860.08
CONSTRUCTION OF BOITEKONG ROADS AND STORMWATERS (WARD 21)	5,079,459.42
CONSTRUCTION OF BOITEKONG ROADS AND STORMWATERS (WARD 40)	5,487,057.09
CONSTRUCTION OF PHATSIMA ROADS AND STORMWATER DRAINAGE PHASE 7	364,505.13
UPGRADING OF INTERNAL ROADS IN MARIKANA (Tlapa-maumong) WARD 29	11,632,767.54
MARIKANA RDP & TLAPA WARD 31	11,430,193.93
MARIKANA WARD 29 INTERNAL ROADS (Rank&Mabi)	6,209,340.52
ELECTRIFICATION OF SERALENG PHASE 5	2,649,390.34
RTB NOORD AC PIPES	11,905,988.85
MPHENI HOUSE	5,070,839.65
MERITING ROADS & STORMWATER - WARD 18	7,838,857.25
VISITORS INFORMATION CENTRE	308,074.91
Marikana Outfall Sewer	8,294,466.31
Tlhabane Ac Replacement - R (Infra, Water) PROJECT A	3,703,949.23

<b>Annexure_Capital Expenditure</b>	
Rtb & Extensions - Upgrading Of Water Meters And Aged Connections (Infra, Water)	208,067.36
Rustenburg - (Incl - Extentions) Replacement Of Water Ac Pipes (Infra, Water)	632,417.57
Tlhabane-Ac Pipes(Replacement) (Infra, Water) PROJECT B	4,626,725.77
Construction Of Rrt Station - Contractor A (Land & Bld, Comm)	84,006,636.31
Marikana Waste Transfer Station - Construction R (Land & Bld, Solid waste fac)	1,055,237.00
CONSTRUCTION OF BOITEKONG ROADS AND STORM WATER DRAINAGE PHASE 6	523,033.96
CONSTRUCTION OF ROADS AND STORMWATER IN BOITEKONG WARD 22 (SUNRISE ROADS AND STORMWATER)	12,487,230.24
PHATSIMA ROADS AND STORM WATER PHASE 8	3,129,700.00
UPGRADE AND CONSTRUCTION OF INTERNAL ACCESS ROADS IN KANANA PHASE 4	5,091,160.29
CONSTRUCTION OF FREEDOM PARK REGIONAL COMMUNITY CENTRE	3,617,694.99
EXTENSION OF BOITEKONG COMMUNITY LIBRARY	389,426.31
CONSTRUCTION OF ROADS AND STORM WATER PHASE 4 WARD 37,39,41 AND 43	4,192,218.92
INSTALLATION OF SOLAR HIGHMASTS IN VARIOUS AREAS WITHIN RUSTENBURG LOCAL MUNICIPALITY	17,223,784.00
CONSTRUCTION OF RIETVLEI WATER SUPPLY	3,956,480.21
INSTALLATION OF 1.3 ML RESERVOIR IN SYFERBULT	5,219,515.68
CONSTRUCTION OF PHOANE WATER SUPPLY	4,110,240.66
AUGMENTATION OF WATER SUPPLY TO THE BOSCHFONTEIN	5,357,140.00
AUGMENTATION OF WATER SUPPLY TO MMADITLHOKWA	3,089,473.16
UPGRADING OF MARIKANA INTERNAL ROADS PHASE 6	2,182,818.97
ELECTRIFICATION BULK LINE DINIE ESTATE	3,108,453.12
ELECTRIFICATION OF DINIE ESTATE	4,988,874.80
ERECTION OF 3ML STILL TANK TIERKLOOF	10,400,215.53
	<b>351,389,975.95</b>

**APPENDIX N: CAPITAL PROGRAMME BY PROJECT: CURRENT YEAR**

Refer to Appendix O

**APPENDIX O: CAPITAL PROGRAMME BY WARD**

Function	Project name	Ward Location	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CEMETERIES	DEVELOPMENT OF BOITEKONG CEMETERY	20,21,22	6 654	7 013	
ROADS AND STORMWATER	RASIMONE ROADS & STORMWATER DRAINAGE	1		-	
ROADS AND STORMWATER	MERITING - ROADS AND STORMWATER	12	8 500	8 959	
ROADS AND STORMWATER	FREEDOM PARK ROADS & STORMWATER	24, 38	8 140	8 580	
RUSTENBURG RAPID TRANSPORT	CONSTRUCTION OF NON-MOTORISED TRANSPORT WALK WAYS AND BUS STOPS, CONTRACT B	ALL	8 000	8 432	
RUSTENBURG RAPID TRANSPORT	CONSTRUCTION OF THE RRT STATIONS	ALL	52 000	54 808	
LIBRARY SERVICES	SIGNAGE – LIBRARIES	ALL	400	400	
WATER SERVICES	WATER CONSERVATION DEMAND	ALL	26 000	25 000	
WATER SERVICES	MARIKANA OUTFLOW	31,32	30 000	10 000	
WATER SERVICES	REPLACEMENT OF AC SEWER PIPES	9,10,11	36 840	-	
RUSTENBURG RAPID TRANSPORT	NON-MOTORISED TRANSPORT WALK WAYS AND BUS STOPS, CONTRACT B	ALL	33 000	8 000	
RUSTENBURG RAPID TRANSPORT	RRT Stations	ALL	43 000	18 000	
RUSTENBURG RAPID TRANSPORT	RRT Bus Depot	ALL	11 000	18 000	
RUSTENBURG RAPID TRANSPORT	DESIGNING, BUILDING AND OPERATION OF INTELLIGENT TRANSPORT SYSTEMS	ALL	23 000	23 000	
	<b>TOTAL</b>		<b>286 533</b>	<b>190 191</b>	

**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	3,214,234
Oper Cost : Womens Day	9,678
DONATION: SPCA	385,000
BESSIE MPELEGELE NGWANA CR115/2007	50,000
RWST - MIG Transfers	16,596,548
	<b>20,255,460</b>

**APPENDIX S: DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA s71**

This is to verify that all section 71 reports have met the pre-set timeframes which according to section 28 of the Municipal Budget and Regulations stipulate that all Monthly reports have to be sent to the designated organ of the state before 10 working days have elapsed.

Number of Section 71 Reports submitted	Reasons for Non-Submission	Corrective Measures
11	Delay in implementing mSCOA system due to system challenges	Procurement of a new system at the end of the contract term.

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 2020	2 x investment campaign implemented	Two (2) investment campaign publications done:	-
	b) Improve procurement systems to eliminate corruption and ensure value for money;	KPI to be developed	-	-	-
	c) Utilise community structures to provide services.	Number of indigents registered to earn free basic services by 30 June 2020	30 000 registered indigents	4700 indigents were registered.	A service provider to assist with indigent registration was not appointed. Indigent registration to be done at ward level through the Redirela Sechaba campaigns.
5. A skilled and capable workforce to support inclusive growth	a) Link municipal procurement to skills development initiatives	KPI to be developed	-	--	-
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	-

NATIONAL OUTCOME	ROLE OF MUNICIPALITY	KEY PERFORMANCE INDICATOR	TARGET	ACTUAL	PROGRESS REGISTERED
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 2019	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	-	-	--
	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 2020	1 x Reviewed Spatial Development Framework (SDF)	1 x Reviewed Spatial Development Framework (SDF)	The Draft SDF approved for 2019-2020.
	c) Participate in the identification of suitable land for social housing;	Number of land acquired for human settlement	1	1	-
	d) Ensure capital budgets are appropriately prioritised to maintain existing services and extend services.	Percentage expenditure on Capital Budget 30 June 2020	≥95%	64%	Delay in implementing mSCOA system due to system challenges. Procurement of a new system at contract term end.

NATIONAL OUTCOME	ROLE OF MUNICIPALITY	KEY PERFORMANCE INDICATOR	TARGET	ACTUAL	PROGRESS REGISTERED
9. A responsive and, accountable, effective and efficient local government system	a) Improve municipal financial and administrative capacity by implementing competency norms and standards and acting against incompetence and corruption.	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	8	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	-	-	-