



RUSTENBURG LOCAL MUNICIPALITY
ANNUAL REPORT

Rustenburg
Local Municipality



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

RUSTENBURG LOCAL MUNICIPALITY

ANNUAL REPORT

2022/23

CONTENTS

CHAPTER ONE: EXECUTIVE MAYOR’S FOREWORD	1
COMPONENT A:EXECUTIVE MAYOR’S FOREWORD	1
1.1 STATEMENT BY THE MUNICIPAL MANAGER	4
1.2.1 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW	7
1.3 SERVICE DELIVERY OVERVIEW.....	9
1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW	10
CHAPTER TWO: GOVERNANCE	13
COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE	13
2.1 POLITICAL GOVERNANCE	13
2.2 ADMINISTRATIVE GOVERNANCE STRUCTURE	19
1. INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS.....	21
1.1 INTERGOVERNMENTAL RELATIONS	21
2.3 IDP PARTICIPATION AND ALIGNMENT	26
2.4 RISK MANAGEMENT	30
2.5 ANTI-CORRUPTION AND FRAUD.....	37
2.6 BY-LAWS	37
2.7 WEBSITE.....	38
2.8 COMMUNITY SATISFACTION SURVEY	39
CHAPTER THREE: SERVICE DELIVERY PERFORMANCE (PERFORMANCE PART I)	40
3.1 WATER PROVISION.....	40
3.2 WASTEWATER (SANITATION) PROVISION.....	42
3.9 PLANNING AND HUMAN SETTLEMENT (DPHS)	68
3.9.4. LAND ACQUISITION	71
COMPONENT G: ROAD TRANSPORT.....	78
3.11 ROADS AND STORMWATER.....	78
3.12 PUBLIC TRANSPORT SYSTEM.....	79

3.17 OCCUPATIONAL HEALTH AND SAFETY	97
3.20 INTERNAL AUDIT UNIT	104
3.21 LOCAL ECONOMIC DEVELOPMENT	107
3.22 LEGAL AND VALUATION UNIT	117
3.23 SPECIAL PROJECTS	119
3.24 ORGANISATIONAL STRATEGY & PLANNING	123
3.25 ANNUAL PERFORMANCE REPORT (SECTION 46 REPORT: 2022/2023)	123
CHAPTER FIVE: STATEMENT OF FINANCIAL PERFORMANCE	218
6.1 AUDITOR GENERAL’S REPORT 2022/2023	232
6.2 ANNUAL FINANCIAL STATEMENTS OF RLM.....	252
6.3 ANNUAL PERFORMANCE REPORT OF THE RUSTENBURG WATER SERVICES TRUST	371
REPORT OF THE AUDITOR-GENERAL TO THE NORTH WEST PROVINCIAL LEGISLATURE AND THE COUNCIL ON RUSTENBURG WATER SERVICE TRUST (RWST)	397
6.4 ANNUAL FINANCIAL STATEMENTS OF THE RUSTENBURG WATER SERVICES TRUST	407
6.5 POST AUDIT ACTION PLAN (PAAP) – AUDIT REPORT FINDINGS 2022-2023.....	430
APPENDICES A - T.....	453

ACRONYMS

ACRONYM	DETAIL
AG	Auditor General
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
DPS	Directorate Public Safety
DTI	Department of Trade and Industry
DTIS	Directorate Technical and Infrastructure Services
EEP	Employment Equity Plan
EIA	Environmental Impact Assessment
GDP	Gross Domestic Product
GIS	Geographic information system
HH	Households
HIV/AIDS	Human Immunodeficiency Virus Infection/Acquired Immunodeficiency Syndrome
HR	Human Resources
ICT	Information and Communication Technology
IDP	Integrated Development Plan
IRPTN	Integrated Rapid Public Transport Network
IT	Information Technology
KPA	Key Performance Area
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
PMS	Performance Management System
PMU	Project Management Unit
POE	Portfolio of Evidence
PR	Proportional Representation
RWST	Rustenburg Water Services Trust
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

CHAPTER ONE: EXECUTIVE MAYOR'S FOREWORD

COMPONENT A: EXECUTIVE MAYOR'S FOREWORD



I am pleased to present the Annual Report for the financial Year 2022/ 2023 on behalf of the Rustenburg Local Municipality Council and Officials. This report aims to provide an overview of the targets set by RLM and the subsequent performance achieved during this period. It is intended to offer our stakeholders and communities a comprehensive understanding of the accomplishments and progress made by our municipality.

The mandate of the Rustenburg Local Municipality aligns with the broader mandate outlined in Chapter 7 of the South African Constitution, which is applicable to Local Government. We recognize the significance of community involvement and thus continue to prioritize it. To ensure active participation, we conduct IDP Roadshows in all Villages and Townships which are clustered into 45 wards. These IDP Roadshows enable the Municipality to assess and address the needs of our communities, placing them at the forefront of service delivery and striving to meet their diverse expectations.

The 2022/2023 financial year represents a significant halfway point for the current Council term, during which the Rustenburg Local Municipality can thoroughly evaluate the challenges and achievements associated with fulfilling the Constitutional obligation of providing sustainable basic services to communities. The municipality has been dedicated to expediting its efforts in resolving various service delivery backlogs within its jurisdiction. Consequently, all

Municipal projects during the review period are aligned with the 6 Municipal strategic priorities, that is:

- To ensure a sustainable municipal financial viability and management.
- To maintain, a green, safe, healthy environment and social cohesion.
- To drive diversified economic growth, vibrant rural development and job creation.
- Efficient Provision of quality Basic Services and Infrastructure within a well-planned Spatial Structure.
- To uphold good governance and public participation principles.
- Drive optimal municipal institutional development, transformation, and capacity building in alignment with the fundamental principles of local government stated in the national constitution of the Republic of South Africa, Act 108 of 1996 which provides that, for each municipality to govern, on its initiatives and the local government affairs of its community.

Moreover, this Annual Report provides an overview of the Rustenburg Municipality's performance during the 2022/23 financial year. This period posed greater challenges compared to previous years, primarily due to the prevalence of illegal connections, theft, and vandalism. The aftermath of these unscrupulous acts impacts negatively on the financial viability of the Municipality in addition to the slow economic growth, decreased revenue collection, and a reduction in national and provincial grants. Despite these crises, the municipality has demonstrated resilience by maintaining stability and successfully implementing its strategies and procedures.

The current Annual Report highlights our achievements and areas for improvement in fulfilling our political mandate, specifically in the key focus areas of Local Government that can be summarized as follows:

1. Creating an efficient, effective, and responsive Municipality.
2. Enhancing accountability and striving for a clean audit for the Rustenburg Local Municipality.
3. Accelerating service delivery and providing support to vulnerable individuals.
4. Promoting economic and social development.

5. Cultivating development partnerships, social cohesion, and community participation.

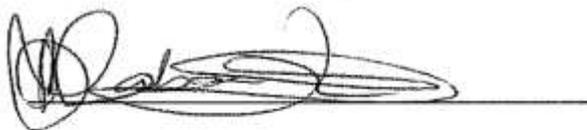
However, we still encounter certain challenges, including but not limited to:

6. Insufficient revenue collection due to a prevalent culture of non-payment.
7. Water interruptions caused by infrastructure breakdowns.
8. Decreased economic activity resulting from the impact of Covid-19.

Our unwavering dedication towards the municipality's vision and mission remains evident as we diligently foster the establishment and implementation of robust systems, structures, and procedures to effectively combat corruption and any instances of maladministration.

The electricity and water supply are a national crisis and demands urgent attention. Nonetheless, the Rustenburg local Municipality has allocated resources to address these key issues. This includes the provision to augment the bulk water supply, upgrading electrical substations, replacing outdated water infrastructure, and addressing revenue leaks in the financial system. Through the diligent implementation of council resolutions in the previous financial year, significant progress has been achieved, leading to important projects for the municipality. Efforts to provide basic water, sanitation, and electricity connectivity to households have yielded favourable results, yet we acknowledge that certain targets set by us remain unfulfilled.

In conclusion, the Rustenburg Local Municipality is committed to promoting economic growth and alleviating poverty by implementing sustainable social and economic development programs. In addition, we aim to foster a favourable business environment that encourages investment and facilitates job creation.



Cllr Shiela Mabale-Huma

Executive Mayor

Rustenburg Local Municipality

B: MUNICIPAL MANAGER'S OVERVIEW AND EXECUTIVE SUMMARY

1.1 STATEMENT BY THE MUNICIPAL MANAGER

1.1.1 MUNICIPAL MANAGER'S OVERVIEW



As the recently appointed Municipal Manager, I am honoured to present the 2022/2023 Annual Report which serves as a testament to the progress and accomplishments of the Rustenburg Local Municipality over the past financial year. This Annual Report serves as a valuable tool to enable accountability by providing a transparent explanation of revenues, expenditures, and the results of the predetermined performance objectives and targets whilst identifying areas for improvement.

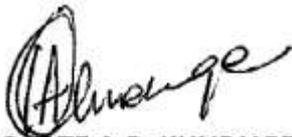
The municipality obtained a Qualified Audit Opinion for the 2022/23 like the previous financial year. This depicts a stable contribution towards management of the municipality's affairs despite the challenges the municipality is facing. Reduction of paragraph in the following key areas will ensure great shift and change in the audit opinion:

- Accurate account for the work-in-progress (WIP) assets relating to internal services and bulk infrastructure,
- Review the residual values and useful lives of bulk water assets at each reporting date as required by GRAP 17, property, plant, and equipment.
- Analysis of the debtor book to identify inconsistencies and early corrections.
- Meticulous monitoring of the post Audit Action Plan for both material and minor findings.

It is important to emphasise that Rustenburg Local Municipality operated with acting Senior Managers. These situation affected stability in the administration and implementation of some key decisions of Council. However, in the process and while trying to sustain the municipality under these challenges, so many lessons were learnt. These lessons will provide a strong base for developing plans that will respond to the real needs and challenges, inform proper resource targeting and effective management of the business of the municipality.

This municipality is not pleased with its levels of target achievement on critical deliverables set out in its Service Delivery Budget and Implementation Plan (SDBIP) for the period under review. The implementation of the necessary performance improvement plans remains a key focus going forward.

Management commits to address all material and recurring audit findings in the 2023/24 financial year. As I present the Annual Report for the 2022/23 financial year, I have no doubt that the challenges faced by the municipality can be addressed despite the difficulties encountered during the year under review. Addressing these challenges requires the strength of leadership, dedicated focus on the implementation of effective improvement actions, financial prudence, improving the culture of the organisation and a strong team of managers and the workforce in general.



ADVOCATE A.R. KHUDUGE
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:-

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

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

The Rustenburg Local Municipality had a functional and knowledgeable Performance Audit Committee (PAC). The work of the PAC was enhanced by a functional Internal Audit Unit.

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

Risk Management Policy (reviewed annually)

Risk Management Strategy (reviewed annually)

Risk and Fraud Assessments conducted regularly.

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

Though the Annual Report includes the Annual Performance Report, note need be taken that the overall performance of the municipality stood at 52%. Nevertheless, remedial measures were put in place to improve performance going forward.

For the financial years 2022/2023 the RLM received a qualified audit opinion.

1.2.1 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

ABOUT RUSTENBURG LOCAL MUNICIPALITY

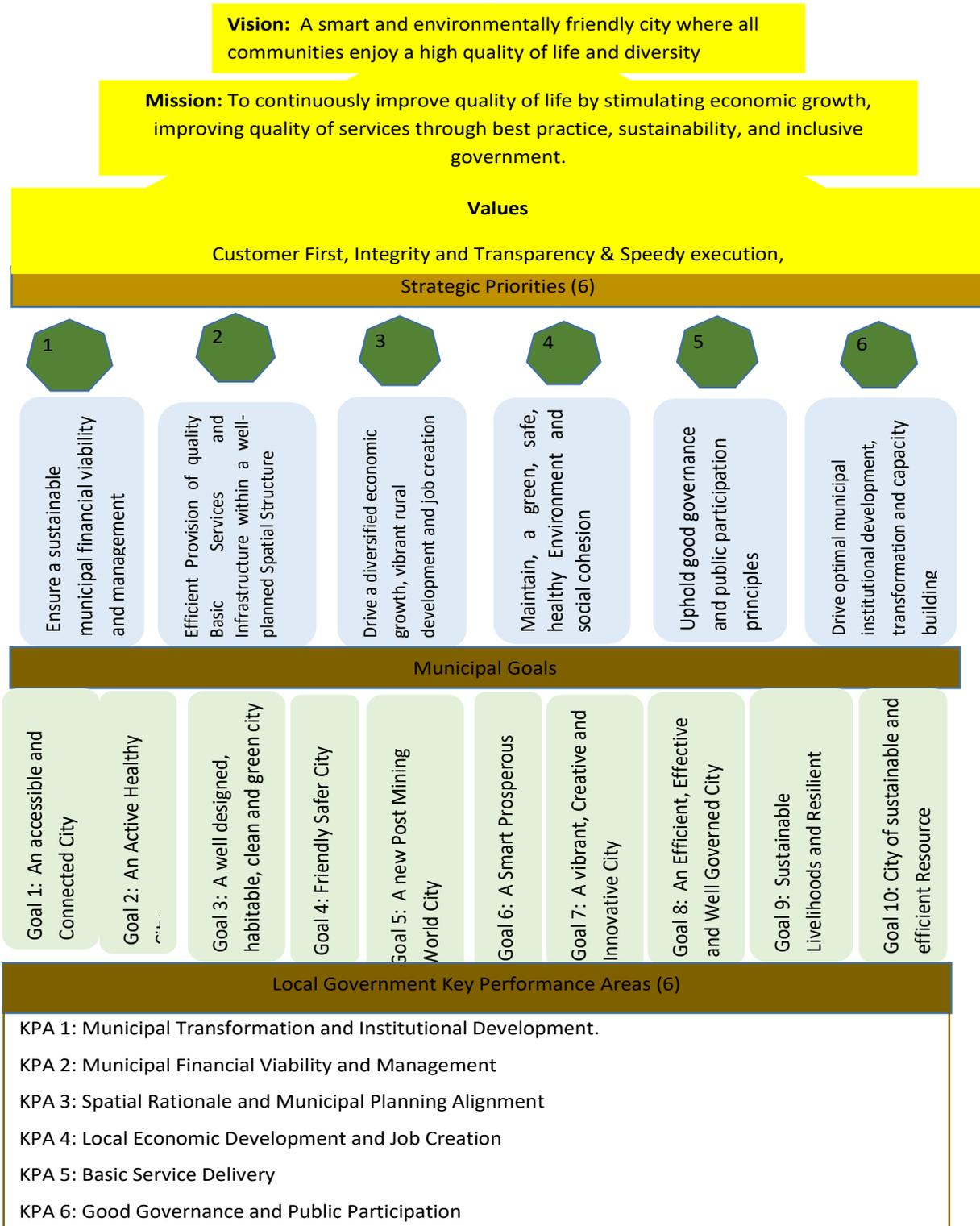
The Rustenburg Local Municipality is a category B municipal council consisting of 45 wards. It is located in the eastern parts of the North-West Province and is accessible to a number of major South African urban centers. These centers include Johannesburg and Tshwane, which are located approximately 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 719 000 people, comprising of 60% males and 40% females. The significant growth in Rustenburg is largely attributed to the impact of the world's largest mines in the immediate vicinity of the town, namely, Impala Platinum, Anglo American, Sibanye Stillwater/Gold, Bakubung Platinum, Lonmin, Royal Bafokeng Platinum, Tharisa Minerals, Glencore and Ilitha Mining. Approximately 97% of the total platinum production occurs in Rustenburg, with the mining sector providing around 50% of all formal employment.

1.2.2 MUNICIPAL STRATEGIC AGENDA

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

The Vision, Mission and Strategic Priorities, including Municipal Values are:



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 Census 2021 (Statssa), 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

To be updated by DTIS, DCD, DRT

No	Type of Service Provided	Percentage %
1	Solid Waste	98%
2	Access to electricity	92%
3	Access to sanitation (VIP/ Sewer System)	96%
4	Access to water (Water tanking, Communal Standpipe, House connections)	98%
5	Roads (Surfaced/ Gravel Roads)	61%

1.4 FINANCIAL HEALTH OVERVIEW

Rustenburg Local Municipality has been under financial constraints because of the global economic outlook which has been weaker than anticipated. Domestic inflation is higher, largely because of increasing oil prices. However, the depreciation of the Rand and the current drought gripping many parts of the country, pose some risk to the inflation outlook. The Mining sector contributes more than 50% of the local economy. The mining sector is the largest employer within Rustenburg. Most mines around Rustenburg resorted to 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.

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

1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

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

1.6 AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: 2022/2023

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

The municipality obtained a qualified audit opinion for the 2022-2023 financial year.

1.7 STATUTORY ANNUAL REPORT PROCESS

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

Section 121 (1) of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) stipulates that: "Every municipality and municipal entity must for each financial year prepare an annual report in accordance with Chapter 12 of the same Act.

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 2022/2023
- (b) Provide a report on performance against the budget of the Rustenburg Local Municipality and its entity for the financial year 2022/2023; and
- (c) Promote accountability to the local community for the decisions made during the financial year ended June 2023 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 2022/2023
- (f) Corrective action taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d); and
- (g) Recommendations of the Municipality's Performance Audit Committee.

CHAPTER TWO: GOVERNANCE

INTRODUCTION TO GOVERNANCE

This chapter presents governance mechanisms, structures and systems that were put in place to ensure that the municipality complies with legal requirements. These include community participation, oversight, monitoring and evaluation and how the municipality communicates with and accounts 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 the Council operates and is regulated and controlled.

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

The council of Rustenburg Local Municipality is constituted by 90 Councillors, with 45 wards and 45 proportional representative Councillors. The Mayoral Committee consists 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 Christian Democratic Party	1	1	-
African Independent Congress	1	1	-
African National Congress	43	31	12
Arona	1	1	-
Botho Community Movement	1	1	-
Democratic Alliance	13	8	5
Economic Freedom Fighters	17	8	9
Forum 4 Service Delivery	1	1	-
Independent	1	1	-
Tsongang	7	4	3
Freedom Front+	3	2	1
United Democratic Movement	1	-	1
TOTAL	90	59	31

The Council elected the Speaker, Clr K. Mogomotsi in terms of section 36 of the Municipal Structures Act, 1998 (Act No. 117 of 1998), per item 268 of 22 November 2021, to chair Council meetings. He is also responsible for capacitating Councillors and Ward Committees to better carry out their mandate as per Local Government: Municipal Structure Act, Act 117 of 1998. The Speaker resigned per Item 125 (1) of 27 June 2023 and Clr L Pule was elected Speaker per item 125 (5).

The Municipality operates within an Executive Mayoral System under the leadership of Her Worship, the Honourable Executive Mayor Cllr S.S.K. Mabale - Huma who was appointed as per section 55 of Municipal Structures Act, 1998 (Act No. 117 of 1998), per item 269 of 22 November 2021

Clr. L. L. Mabe was elected as the Single Whip of the Council as per item 270 on 22 November 2021.

EXECUTIVE MAYOR; SPEAKER & SINGLE WHIP



**Speaker: Cllr K. Mogomotsi
(Till 27 June 2023)**



Single Whip: Cllr. LL Mabe

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

Table 2.2 Mayoral Committee Members

NO.	Portfolio	Member of the Mayoral Committee
1	Public Safety	MMC Cllr Mputle V
2	Budget and Treasury	MMC Cllr Nke HSRR
3	IDP, PMS and Legal	MMC Cllr Pule EST
4	Local Economic Development	MMC Cllr Phutu KK
5	Technical and Infrastructure Services	MMC Cllr Rampou DT
6	Community Development	MMC Cllr Xatasi N
7	Roads and Transport	MMC Cllr Pule LJ
8	Corporate Support Services	MMC Cllr Gaonakala MI
9	Planning and Human Settlements	MMC Cllr Marekoa BB
10	Special Projects	MMC Cllr Khoeli L

MEMBERS OF THE MAYORAL COMMITTEE & THEIR PORTFOLIOS



Cllr. Mputle V. : MMC Public Safety



Cllr. Nke HSRR: MMC Budget & Treasury Office



Cllr. Pule S.: MMC IDP

Services



**Cllr. Phutu K.
MMC Local Economic Development**



**Cllr. Rampou T.
MMC Technical and Infrastructure Services**



**Cllr. Xatasi N.
MMC Community Development**



Cllr. Pule L.
MMC Roads & Transport
(Till 27th June 2023)



Cllr. Gaonakala MI
MMC Corporate Support Services



Cllr. Marekoa B.
MMC Planning & Human Settlement



Cllr. Khoeli L.
MMC Special Projects

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:

- Municipal Planning Tribunal
- Disciplinary Board
- Local Labour Forum (LLF)
- Performance Audit Committee (PAC)
- Municipal Public Accounts Committee (MPAC)
- Risk Management Committee
- Rules of Order
- IDP/ Budget Steering Committee.

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

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

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

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

MEMBERS OF THE PERFORMANCE AUDIT COMMITTEE (PAC)

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

Table 2.3 Members of the Performance Audit Committee

No.	MEMBER	TERM	POSITION	STATUS
1.	S Ngobeni	3 years (Appointed 13 August 2019) - Expired Appointed Chairperson 15 July 2022 (month-to-month basis)	Chairperson	Current
2.	L Moyo	3 years (Appointed 13 August 2019) – Expired Appointed 15 July 2022 (month-to-month basis)	Member	Current
3.	L Lesolang	3 years (Appointed 26 January 2021)	Member	Current

Attendance

During the year under review, twelve (15) Performance Audit Committee meetings were held, ten (10) for the parent municipality and five (5) the municipal entity (Rustenburg Water Services Trust). 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

RUSTENBURG LOCAL MUNICIPALITY

No.	MEMBER	ROLE	MEETINGS HELD	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED
1.	S. Ngobeni	Chairperson	26 August 2022	10	10
2.	L Moyo	Member	15 September 2022	10	10
3.	J Lesolang	Member	03 October 2022 14 December 2022 20 December 2022 05 January 2023 13 January 2023 24 February 2023 19 May 2023 28 June 2023	10	10

RUSTENBURG WATER SERVICES TRUST

No.	MEMBER	ROLE	MEETINGS HELD	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED
1.	S. Ngobeni	Chairperson	01 August 2022	5	5
2.	L Moyo	Member	20 September 2022	5	5
3.	J Lesolang	Member	09 December 2022 22 February 2023 05 June 2023	5	5

2.2 ADMINISTRATIVE GOVERNANCE STRUCTURE

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

Table 2.5 Senior Managers

2020/2021	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
POSITION	NAME	NAME	NAME	NAME
Municipal Manager	Makona SV	Makona SV	Mosiane RJ	Mosiane RJ
Chief Financial Officer	Ditsele GG	Mdlhuli V (Acting)	Mdlhuli V (Acting)	Mdlhuli V (Acting)
Director Planning & Human Settlement	Halenyane MMG	Halenyane MMG	Matshego D (Acting)	Mongale M (Acting)
Public Safety	Boikanyo KI	Boikanyo KI	Boikanyo KI	Boikanyo KI
Director Technical and Infrastructure Service	Mahlangu G (Acting)	Mahlangu G (Acting)	Mahlangu G (Acting)	Mahlangu G (Acting)
Community Development	Rampete NM	Rampete NM	Sefike L (Acting)	Sefike L (Acting)
Roads and Transport	Moleele MO	Moleele MO	Moleele MO	Moleele MO
Corporate Support Services	Mahapela P (Acting)	Mahapela P (Acting)	Dire MM (Acting)	Dire MM (Acting)
Local Economic Development	Komane E	Sehloho T (Acting)	Sehloho T (Acting)	Sehloho T (Acting)
Manager Office of the Executive Mayor	Kgosimore PB	Kgosimore PB	Mfuloane D	Mfuloane D
Chief Audit Executive	Mabe CS	Mabe CS	Mabe CS	Mabe CS
Manager Office of the Municipal Manager	Khiba N	Khiba N	Manuel B	Manuel B
Manager Office of the Speaker	Tebeli M	Tebeli M	Tebeli M	Tebeli M
Manager Strategy & Planning	Dire MM	Dire MM	Dikutle BN & Moopelwa G	Dikutle BN & Moopelwa G
Manager office of the Single Whip	Tebeli	Tebeli M	Ramantsi K	Ramantsi K
Chief Risk Officer	Khiba B	Khiba B	Khiba B	Khiba B

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

- Management Committee (MANCO) consists of the Municipal Manager and Section 56 managers and meets on a weekly basis.
- Supply Chain Management Committees: Bid Specification, Bid Evaluation and Bid Adjudication Committees – these bid committees meet on a weekly basis.
- Audit Steering Committee – meet on a weekly basis.
- Revenue Protection Team
- Service Delivery Committee

COMPONENT B: INTERGOVERNMENTAL RELATIONS

1. 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.

1.1 INTERGOVERNMENTAL RELATIONS

DISTRICT INTERGOVERNMENTAL STRUCTURES

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

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

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

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

RELATIONSHIP WITH MUNICIPAL ENTITIES

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

Mayoral Stakeholder Engagement Committee (MASECO)

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

Table 2.6 MASECO and Other Meetings 2022/2023NO.	MASECO MEETING	MINIING HOUSES	DATE OF THE MEETING
1.	Other	RLM meeting with Impala with Councilor ward 37	16 September 2022
2.	MASECO	Rustenburg Chrome Mine	21 September 2022

Table 2.6 MASECO and Other Meetings 2022/2023NO.	MASECO MEETING	MINIING HOUSES	DATE OF THE MEETING
3.	MASECO	Glencore Alloys	04 October 2022
4.	Other	Magalies Water	05 October 2022
5.	MASECO	Sibanye Stillwater Mine	14 October 2022
6.	MASECO	Royal Bafokeng Platinum Mine	19 October 2022
7.	Other	RLM, Sibanye Stillwater and Anglo-American Platinum Mine	10 November 2022
8.	Other	Task Team: RLM and Sibanye Stillwater Mine	14 November 2022
9.	Other	Meeting with Impala Platinum Mine	23 February 2023
10.	Other	Meeting with Department of Home Affairs	14 March 2023
11.	Other	Meeting with Impala	17 March 2023
12.	Other	Meeting with Mathopestad Traditional Council	27 March 2023
13.	Other	Government Departments, Premier's Office and NGOs.	12 May 2023

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION



**CLLR J. MELANZI
MPAC CHAIRPERSON**

Clr J Melanzi was appointed on the 22nd of November 2021, per Council Resolution No. 271, as the MPAC Chairperson.

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

MEMBERS OF MPAC

1.	Cllr Melanzi J
2.	Cllr De Beer J M
3.	Cllr Phiri K B
4.	Cllr Kombe O J
5.	Cllr Letlape M S
6.	Cllr Mokgatle O
7.	Cllr Nhacuangue N
8.	Cllr Serunye C
9.	Cllr Snyders L
10.	Cllr Phalole N

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

The committee had the following meetings during the period under review including special meetings and further investigated other matters referred by council in accordance with the approved annual work plan.

Table 2.7 Meetings of the Public Accounts Committee

No	Details of the Meeting	Total number of meetings held.	Date
1	Scheduled as per central diary (Ordinary meeting)	3	14 October 2022 18 January 2022 14 September 2022
2	Special meeting	2	5 August 2022 22 March 2023
3	Meeting with the Senior Management	1	15 March 2023
4	Meeting with the Executive Mayor and Mayoral Committee	1	16 March 2023
5	Meeting with the Performance Audit Committee (PAC)	1	20 February 2023
6	Meeting with the PPAC Chairperson	1	22 September 2022
7	Auditor-General South Africa	1	14 February 2023
8	Public Participation	5 (Clustered wards as per Notice:09/2023)	09 March – 20 March 2023

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

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

NB. REPORT ON ALL MATTERS/ITEMS REFERRED TO MPAC BY COUNCIL (MPAC)

Table 2.8 Matters Referred to MPAC By Council

DATE	ITEM NO & RESOLUTION	DESCRIPTION	ACTION/PROGRESS
04/08/2022	Item 73, Tabling of the Annual Report 2020/2021	That the Annual Report 2020/2021 be referred to MPAC for Oversight	Completed, the Oversight report was tabled and adopted by Council on 21 June 2022 as per Item 98
02/11/ 2022	Item 229, That the item be reffered back for inclusion of additional information and be submitted at the next ordinary Council.	Review of the Report on the Supply Chain Management – The Approved Deviations for the Period of July 2021 to September 2021	In Progress
02/11/ 2022	Item 230, Review report on the irregular expenditure as per the approved UIF/W expenditure reduction plan	That the item be referred to the next Special Council sitting.	In Progress

DATE	ITEM NO & RESOLUTION	DESCRIPTION	ACTION/PROGRESS
31/01/2023	Item 41, Tabling of the Annual Report 2021/2022	That the Annual Report 2021/2022 be referred to MPAC for Oversight	Completed, the oversight report was adopted by Council on 31 March 2023 as per Item 97.
28/03/2023	Item 61. Supply Chain Management: Irregular Expenditure for October 2022 - December 2022	That the report be submitted to Municipal Public Accounts Committee for investigation of the irregular expenditure; and That Municipal Public Accounts Committee to present its report at the next ordinary Council sitting.	In Progress, The MPAC issued RFI No.1 requesting supporting Irregular Expenditure Registers from Management on the 11th January 2023. The due date for the response was the 17th January 2023. Unfortunately, MPAC has not received Management's responses to date. POE: RFI dated the 11/01/23.
28/03/2023	Item 63. Supply Chain Management: Approved Deviations for October 2022	The above procurements be referred to the Municipal Public Accounts Committee ("MPAC") for further determination of whether the said procurements qualify as deviations as defined	In Progress The MPAC issued a Deviations questionnaire to Management on the 29 th of March 2023. The due date for the response was 7 April 2023. Unfortunately, MPAC has not received Management's responses to date. POE: Email of the 29 th of March 2023.

COUNCIL MEETINGS

Council meetings were held on a bi-monthly basis and were open to the public, except when Council was in committee. Special council meetings were also convened when there was a need for such.

WARD COMMITTEES

The municipality has established 45 ward committees which convened monthly meetings that served as a platform for interaction, engagement and sharing information between the Ward Councillor and committee members. Ward councillors and their ward committees conduct meetings in their areas to give feedback on the performance of the municipality to the communities on a quarterly basis and assist in addressing developmental needs and challenges.

2.3 IDP PARTICIPATION AND ALIGNMENT

PUBLIC PARTICIPATION/COMMUNITY CONSULTATION PROGRAMME ON 5YEAR IDP 2022/2027; MTREF BUDGET AND RELATED POLICIES

For the development of a 5year IDP, it was imperative that communities and other major stakeholders be consulted. Below is a schedule of meetings that were conducted to consult with communities at different wards as clustered:

DATE	CLUSTER	WARDS	VENUE	TIME
11/02/2022	1	01; 02; 03; 04; 05; 06; 07	Lefaragatlhe Community Hall	10h00
12/02/2022	9	36	CYFERBUILT; BOONS	10h00; 13h00;
17/02/2022	3	14; 15; 16; 17; 18; 42	OLD TOWN HALL	18h00
18/02/2022	6	31; 32; 33; 34; 35; 45	Photsaneng Com Hall	10h00
19/02/2022	8	29; 30,44	Rankelenyane SASSA Pay Point	10h00
22/02/2022	4	12; 19; 20; 21; 22; 23; 24; 37; 38; 39; 40; 41; 43	PAARDEKRAAL	10h00
23/02/2022	5	27; 28	B. Tause Community Hall	10h00
24/02/2022	7	25 and 26	Mamerotse Community Hall	10h00
24/02/2022	2	08; 09; 10; 11; 13	BESTER SPORTS GROUND	15h00
09/03/2022		IDP REP FORUM	OLD TOWN HALL	10h00
09/03/2022		MULTI-STAKEHODER FORUM	OLD TOWN HALL	14h00

The IDP Representative forum made up of Ward Committee Members, Ward Councillors and organized groups was utilized as a platform for extension of public participation.

Prioritised and re-ranked community needs were received, properly analysed as required and incorporated into the Integrated Development Plan (IDP). Public notices were issued after adoption of the Drafts IDP, MTREF and budget related policies inviting comments and inputs on the drafts. A notice was advertised in the local newspaper for inspection of the approved IDP 2022/2027 and the Budget during June 2022. The budget as adopted by council was informed by the IDP mainly community needs and different sector plans.

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.

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, policymaking 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 2022-2023 financial year, Council had 90 Councillors split equally between 45 ward Councillors and proportional representation Councillors. Councillors were allocated to various committees established in terms of Section 79 and 80 of the Municipal Structures Act. The committees exercise functions delegated to them by Council, primarily oversight and public participation.

POLITICAL GOVERNANCE STRUCTURE

Political Leadership – Legislative

The political leadership of the Municipality is organized based on legislative and executive functions, i.e., the legislative function of Council is implemented by Council and its committees, led by the Council Speaker, supported by the Single Whip of Council. The Speaker of Council is the Chairperson of Council presiding over Council meetings in accordance with Council's Standing Rules. The Speaker has a responsibility for Section 79 oversight committees and for Council Affairs to develop political governance within the Municipality among Councillors. The Single Whip is an official office bearer, who is a member of the majority party and 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 2022/2023 the mandate of the Legislative Arm of Council focused on; accountability, oversight, and scrutiny; strengthening the capability and Legislative Arm of Council; public participation to safeguard local democratic processes; and sound financial management.

Political Leadership – Executive

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

COUNCIL OVERSIGHT

Political oversight functions of Council are exercised primarily through Section 79 Committees. Clear guidelines on how these committees address oversight responsibilities are outlined in the delegated powers. Councillors also physically visit sites where projects are implemented – especially service delivery projects – 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 a service delivery agent for the Municipality, who in this case is the principal or shareholder. The entity is governed through a Service Level Agreement (SLA) signed between the Municipality and the entity. Although the entity has an individual corporate identity, it remains fully controlled by Council.

CLEAN ACCOUNTABLE GOVERNANCE

The Rustenburg Local Municipality prioritises values of clean governance and in line with best practice, the Municipality has independent structures that serve the objective of giving an unbiased opinion and advice to Council. These include:

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

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

Performance Audit Committee (PAC)

The PAC, amongst other responsibilities, assesses and oversees the organizational 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).

There have been dramatic changes in the global context over the last few years, shaping into another potential global financial crisis. An example of such is the Russian Ukrainian war which has negatively impacted in the economy. 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.

Covid 19 left most families stranded, some lost their jobs and are without income. The payment levels on the municipal accounts have gone down and will have the greatest impact on the cashflow of the municipality.

Key international development agendas have come into sharper relief over the last few years. These include geopolitical shifts such as the challenge of addressing climate change as per the Sustainable Development Goals (SDGs) and all other Goals relevant to the municipality, 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.

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.

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.

2.4 RISK MANAGEMENT

INTRODUCTION TO RISK MANAGEMENT

The Municipal Finance Management Act, 2003, section 62 (1) I (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 2022/2023 financial year the municipality implemented the compliance of risk management by ensuring that all systems are in place. The municipality has ensured that:

The Risk Management Implementation Plan has been reviewed and approved by the Risk Committee and PAC. Risk Management Committee meetings were held quarterly as per the Risk Management Implementation Plan for the 2022/2023 financial year.

The Risk Management Policy, Strategy and Risk Committee Charter was reviewed and approved by the RMC, PAC, MM and Council.

A draft Fraud Prevention Plan and Strategy has been reviewed by the RMC and PAC. Risk Management Unit through the support of NW Department of Corporative Governance Implements Local Government Anti-Corruption Strategy.

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 eleven (13) risks.

High Level Summary of the Top (13) Risks for 2022/2023 Financial Year

Risk No	Risk description at Strategic Objective level	Cause (Risk at Business unit level)	Consequence (Effect)	Inherent Risk Rating	Existing Control	Planned Mitigation	Responsible Person & Time Frame.
1.	Cybercrime	Lack of cyber security risk assessment.	Loss of institutional memory	25	Backup conducted frequently.	To conduct in-depth Cyber security Risk assessment frequently	Manager: ICT Quarterly/Monthly
2.	Insider risk	Theft of sensitive data by outgoing and/or remaining employees.	Loss of Assets, sabotage, competitive disadvantage, non-compliance, brand damage. Litigations.	25	None.	To develop a policy or review an existing one.	ALL Directorates (Championed by Corporates Support) Ongoing.
3.	Delays in SCM Processes.	Bid-Committees Quorum issues	Backlog in procuring. Inadequate service delivery.	25	Risk Management sitting as Observer at Bid Committees and submit reports to MM on observations made	On the reports submitted to MM, CRO request intervention from The MM regarding bid committees which are not sitting as scheduled.	CFO & CRO, Ongoing.
4.	The organizational structure may not be responsive to the newly adopted IDP (2022-2027).	Labour Forum not sitting as intended.	<ol style="list-style-type: none"> 1. Lack of alignment between IDP and organogram. 2. Non-placement of employees in the staff placement pool. 3. Irregular expenditure and Lack of job descriptions. 4. Salary discrepancies. 	25	<ol style="list-style-type: none"> 1. Approved 2014 Organogram. 2. Draft Placement Policy and Recruitment Policy. 	Push for Approval of the new Organogram in line with new staff regulations.	Ongoing: Acting Director DCSS.

Risk No	Risk description at Strategic Objective level	Cause (Risk at Business unit level)	Consequence (Effect)	Inherent Risk Rating	Existing Control	Planned Mitigation	Responsible Person & Time Frame.
5.	Failure to meet public transport infrastructure and other Capital projects targets.	Litigations and unrests caused by local SMME's	<ol style="list-style-type: none"> 1. Prolonged infrastructure implementation caused by strikes, late payments of contractors and poor workmanship. 2. Unproductive/ Inefficient. Integrated Transport services 	25	Continuous stakeholder engagements.	To engage with ward Cllrs to address the community by making them aware of the danger of projects disruptions, which may often lead to loss of grants.	Acting Director: Roads & Transport.
6.	Inability to service municipal debt (borrowings) and short monthly cash commitments. (Going Concern)	<ol style="list-style-type: none"> 1. Inadequate revenue enhancement measures 2. Poor cash 3. Inability to collect 4. Incorrect revenue billing. 	Poor credit rating/assessment and liquidity, affecting future borrowing and budget funding	25	<ol style="list-style-type: none"> 1. <i>Improved revenue enhancement measures.</i> 2. Improve revenue collection through aggressive debt collection and credit control. 	Regular monitoring of debt collectors and regular staff performance monitoring to deliver.	CFO, Ongoing
6.	1. Inability to service short term/monthly cash commitment. (Going Concern)	Poor cash flow management and Inability to maximize revenue collections.	<ol style="list-style-type: none"> 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.	<p>Monthly contributions to reserves/short term investments.</p> <p>The municipality is still struggling to maintain some cash reserves due to huge Eskom bill and lower revenue collection.</p>	CFO, Ongoing

Risk No	Risk description at Strategic Objective level	Cause (Risk at Business unit level)	Consequence (Effect)	Inherent Risk Rating	Existing Control	Planned Mitigation	Responsible Person & Time Frame.
7.	Increased Water losses	Insufficient pressure management, unattended pipe leaks and reservoir overflows. <i>Illegal Connections, old Pipes</i>	Negative impact on municipality revenue. Negative audit Opinion	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. Replacement of AC Pipes	Acting Director DTIS
8.	Insufficient electricity supply capacity for new developments and within RLM	1. Delay in upgrading of main electrical supply substation (industrial substation) 2. Delay in upgrading of main electrical supply substation. (Voltaire substation)	1. Severe power outages to Rustenburg Town supplied from Industries substation. 2. Safety risk for operator who operate the equipment 3. Possible future developments within the Boitekong area without bulk electricity supply.	25	1. The use of maintenance budget for maintenance. 2. Applications for grant funding from DOE lodged.	1. The use of maintenance budget for maintenance. 2. Application for grant funding from DOE has been lodged. Municipality considering generating its own Power; Currently taking a few lessons from Metro municipalities (Ukurhuleni & City of CT) Industrial: Internal Funding and mainly its maintenance issues.	Acting Director DTIS.

Risk No	Risk description at Strategic Objective level	Cause (Risk at Business unit level)	Consequence (Effect)	Inherent Risk Rating	Existing Control	Planned Mitigation	Responsible Person & Time Frame.
						Voltaire: Service provider appointed to build a new substation at Boitekong (cnr R510 and Boputhatswana road. Load from Voltaire to the new Boitekong and Boitekong the surrounding areas.	
9.	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 regarding progress on the suspended works.	To resolve legal issues relating to the appointed contractor at Water Services Trust and appointment of Board of Directors.	Acting Director DTIS
10.	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. Loss of Income	25	Disciplinary actions for non-compliance.	1. Consequence management 2. Capacity building (ensuring that there is compliance with legislation: MFMA)	All Directorates.
11.	Unavailability of suitable land for development.	1. Limited land (the municipality does not own most of the land). 2. Some lands have mining rights, which	Mushrooming informal settlements, which then leads to Illegal connections.	25	Request for donation from Mining houses, Provincial Government and sale of land.	1. To buy from private sector. 2. To get donations from State Owned land (Provincial Government).	Acting Director: DPHS

Risk No	Risk description at Strategic Objective level	Cause (Risk at Business unit level)	Consequence (Effect)	Inherent Risk Rating	Existing Control	Planned Mitigation	Responsible Person & Time Frame.
		limits their development potential.					
12.	Improper use, theft, malicious damage or accidental damage to assets including vandalism. (General Loss of Assets)	Lack of disciplinary action to official who misappropriate assets of the municipality and low level of security service not helping the Municipality in protecting its assets.	Under insurance of municipal assets and backlogs of claims.	25	Assets Management Policy	<p>Memorandum drafted for the resuscitation of loss control committees, and Insurance Claims committee led by the CFO.</p> <p>The municipality is considering putting trackers on more of its assets.</p> <p>Vandalism: Safer & Clean City project will also address the issue of Vandalism within the communities.</p>	All Directorates.
13	Illegal Connections	Land Invasions	Water & Electricity Shortages and Loss of Revenue	25	There is a schedule to inspect illegal connection.	To be addressed through resuscitating safer & cleaner city Project. A task team was established to address bulk illegal connection in townships and land invasions. Meter inspectors are going around checking illegal acts.	Director: DTIS

Risk No	Risk description at Strategic Objective level	Cause (Risk at Business unit level)	Consequence (Effect)	Inherent Risk Rating	Existing Control	Planned Mitigation	Responsible Person & Time Frame.
						(Residential & commercial).	

2.5 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

The Municipal Council approved the policy on fraud and corruption per item 37 dated 14 November 2007 and the same policy remained relevant for the financial year under review. This policy is based on Code 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:

Zero-tolerance on fraud and corruption.

Using the full might of the law to investigate all incidents of fraud and corruption.

Reporting all incidents of fraud and corruption to the South African Police Services for criminal investigation;
and

Recovering losses or damages suffered by the municipality from employees or councillors who are found liable by the court of law.

2.6 BY-LAWS

The following By-laws were approved by Council, promulgated and still in force in the area of jurisdiction of the municipality:

To be updated by all Directorates

Table 2.10 Rustenburg Local Municipality's By-Laws

NAME OF THE BY-LAW	PROMULGATED/ GAZETTED AND GAZETTE NUMBER
Community Development By-laws	
By-laws relating to the prevention of nuisance.	6 September 2005 GAZETTE NR 6205
By-law relating to the disposal of contaminated and /infection waste	6 September 2005 GAZETTE NR 6205
By-law relating to the keeping of animals and poultry	6 September 2005 GAZETTE NR 6205
By-law relating to children services	6 September 2005 GAZETTE NR 6205
By-law relating to the preparation of food at registered private kitchens	6 September 2005 GAZETTE NR 6205
By-law pertaining to public hazards and nuisance	6 September 2005 GAZETTE NR 6205
By-law relating to accommodation establishment	6 September 2005 GAZETTE NR 6205
By-law relating to public cemeteries	7 June 2016 Gazette NR 7653 Reviewed 31 st August 2021
By-law for the hire of community, arts and culture facilities	6 September 2005 GAZETTE NR 6205 Reviewed 31 st August 2021

NAME OF THE BY-LAW	PROMULGATED/ GAZETTED AND GAZETTE NUMBER
By-law relating to swimming pools and spa bath	7 June 2016 Gazette NR 7653 Reviewed 31 st August 2021
By-law relating to open space, park, sidewalks and gardens	7 June 2016 Gazette NR 7653
Public amenities by-law	6 September 2005 GAZETTE NR 6205
By-law relating to caravan parks and mobile homes	6 September 2005 GAZETTE NR 6205
Air pollution by-law	12 December 2014 GAZETTE NR 7383 The process of reviewing is underway
Waste management by-law	7 June 2016 Gazette NR 7653
Libraries By-law	
LOCAL ECONOMIC DEVELOPMENT	PROMULGATED/ GAZETTED AND GAZETTE NUMBER
Informal Trading By Law	22 February 2022 GAZETTE NR 8325
Outdoor Advertising by-law	11 October 2019 Gazette NR 8016
DIRECTORATE INFRASTRUCTURE AND SERVICES	PROMULGATED/ GAZETTED AND GAZETTE NUMBER
Electricity by-law (adopted by Council, still awaiting to be promulgated)	4 SEPTEMBER 2006 GAZETTE NR 6313
Water supply and waste management	September 2020 GAZETTE NR 8057
BUDGET AND TREUSURY OFFICE	PROMULGATED/ GAZETTED AND GAZETTE NUMBER
Credit control and debt collection by-law	10 April 2014 GAZETTE NR 7265
Rates by-law	10 April 2014 GAZETTE NR 7265
Tariff by-law	10 April 2014 GAZETTE NR 7265
Public Safety	PROMULGATED/ GAZETTED AND GAZETTE NUMBER
Management and Control of Informal Settlement within the Jurisdiction of the Municipality.	4 April 2008 Gazette Nr
Noise Control by-law	May 2004 Reviewed by law referred to DCD portfolio by Council sitting of 27 July 2021
Fire Brigade Services by-law	11 June 2019 GAZETTE NR 8016
Public Passenger and goods by-law	19 February 2004 Gazette Nr
Problem Building By-law	11 June 2019 Gazette Nr 8016
PLANNING AND HUMAN SETTLEMENT	PROMULGATED/ GAZETTED AND GAZETTE NUMBER
Spatial planning and land use management by-law (Reviewed)	29 January 2019, Gazette Nr
Spatial planning and land use management by-law (Reviewed)	20 November 2018, Gazette Nr 7955
OFFICE OF THE SPEAKER	PROMULGATED/ GAZETTED AND GAZETTE NUMBER
Public participation by-law	1 October 2019 GAZETTE NR 8062
Rules of order by-law (reviewed)	8 August 2017 GAZETTE NR 7788

2.7 WEBSITE

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

Home page

Vacancies

Tenders

Customer care

Notices

Documents

Table 2.11 Documents available on the Website

No.	Document	Available on the Website
1	Current annual and adjustment Budgets and all budget related documents.	Yes
2	All current budget related policies	Yes
3	Previous financial year's annual report 2021/2022	Yes
4	Current annual report: 2022/2023	No
5	All Performance agreements (2021/2022) required in terms of Section 57(1)(b) of the Local Government: Municipal Systems Act, 2000	Yes
6	The Top Layer SDBIP 2022/2023	Yes
7	Performance Management System Framework 2022/2023	Yes
8	Integrated Development Plan (IDP)	Yes
9	IDP, Budget and PMS Process Plan 2022/2023	Yes
10	Supply Chain Management contracts and / or Service Level Agreements: 2022/2023	Yes
11	All long-term borrowing contracts	Yes
12	Quarterly reports in terms of Section 52(d) of the Local Government: Municipal Finance Management Act, 2003	Yes
13	An information statement containing a list of assets over a prescribed value that has been disposed of in terms of section 14(2) or (4) of the Local Government: Municipal Finance Management Act, 2003 during the period under review.	Yes
14	Supply Chain Management contracts above R200 000 for the 2022/2023 financial year	Yes
15	Contracts having future budgetary implications entered 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

2.8 COMMUNITY SATISFACTION SURVEY

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

CHAPTER THREE: SERVICE DELIVERY PERFORMANCE (PERFORMANCE PART I)

INTRODUCTION

This chapter presents the annual performance results of the municipality during the 2022/2023 financial year. It will provide reasons where there was underperformance and measures that are taken to remedy the situation.

COMPONENT A: BASIC SERVICES

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

Electricity: provided in conjunction with Eskom in certain areas.

Roads and Storm water.

Waste Management; and

Water and Sanitation Services.

Table 3.1 Introduction to Basic Services (Households)

Basic Service	Actual Performance (as at 30 June 2021)	Actual Performance (As at 30 June 2022)	Actual Performance (As at 30 June 2023)
Water	65 355	64 017	64 017
Sanitation	84 751	84 751	84 751
Refuse Removal	106 667	101 157	101 157
Electricity Including Eskom	36 308	190 368	190 700
Roads (Construction and Maintenance: resealing, regravelling and road markings)	26km	13.107km	10.050 km

3.1 WATER PROVISION

Table 3.2 Water Provision

	2021/22 Actuals	2022/23 Budget	2022/23 Actuals	Variance
	R'000	R'000	R'000	Amount
Total Operating Revenue	1 041 658	1 456 080	1 185 593	-22
Employee Costs	-70 444	-73 072	-81 455	10.29
Bulk Purchases	-303 375	-305 940	-357 265	14.37
Other Expenses	-851 127	-329 108	-282 062	-16.68
Total Operating Expenditure	1 224 946	-708 120	-720 782	1.76
Nett Operating Profit/ (Loss)	-183 288	747 960	464 811	-60.92

Table 3.3 Water Objectives Per IDP

WATER OBJECTIVES AS PER IDP: 2021/22 FINANCIAL YEAR							
Strategic Objectives	Key Performance Indicators	2021/22		2022/23			
		Target	Actual	Original Target	Adjusted Target	Actual Performance	
Accelerated delivery and maintenance of quality basic and essential services to all communities	% of drinking water samples complying to SANS241	95%	95%	90%	-	90%	
Accelerated delivery and maintenance of quality basic and essential services to all Communities	% Reduction of Non-Revenue Water Losses by 30 June 2023	-5%	-5%	-5%	-	5%	

Table 3.4 Water Capital Expenditure

MSC	AccountDescription	Funding Source	Full Year Budget	Year to Date Actual	Variance	YTD %
340	Water Conservation and Demand Management	Fund: Capital: Transfers and Subsidies: Monetary Allocations: National Government: Water Services Infrastructure Grant	8 000 000.00	5 597 940.45	2 402 059.55	69.97
340	New mains from Cashan Reservoir to Geelhout and Industrial reservoirs/Acquisitions/Water Services Infrastructure Grant/Water Distribution/Whole of the Municipality/ Default/ DTIS: Water Service	Fund: Capital: Transfers and Subsidies: Monetary Allocations: National Government: Water Services Infrastructure Grant	16 959 490.00	1 257 699.10	15 701 790.90	7.42
340	Augmentation of groundwater supply to Makolokwe village/ Acquisitions/Water Services Infrastructure Grant/Water Distribution/Whole of the Municipality/ Default/DTIS: Water Service	Fund: Capital: Transfers and Subsidies: Monetary Allocations: National Government: Water Services Infrastructure Grant	10 000 000.00	954 943.71	9 045 056.29	9.55
Total Cap-x - Water Services			34 959 490.00	7 810 583.26	27 148 906.74	22.34

3.2 WASTEWATER (SANITATION) PROVISION

Table 3.5 Wastewater Provision

	2021/22 Actuals	2022/23 Budget	2022/23 Actuals	Variance
	R'000	R'000	R'000	Amount
Total Operating Revenue	246 619	344 676	280 814	-22.74
Employee Costs	-8 687	-9 082	-10 130	10.35
Bulk Purchases	-	-89 446	-119 230	24.98
Other Expenses	-173 967	24 292	-20 744	-17.10
Total Operating Expenditure	-182 654	-122 820	-150 104	18.18
Nett Operating Profit/ (Loss)	63 965	211 856	130 710	-62.08

Table 3.6 Sanitation Capital Expenditure

MSC	AccountDescription	Funding Source	Full Year Budget	Year to Date Actual	Variance	YTD %
345	Upgrading of Boitekong Ext 8 Pump Station	Fund: Capital: Transfer from Operational Revenue	3 000 000	-	-	-
345	Savanna Fall's - Sewer connection	Fund: Capital: Transfer from Operational Revenue	1 000 000	-	-	-
345A	Capex: P.P.E > Upgrade - Marikana Outfall Sewer	Fund: Capital: Transfers and Subsidies: Monetary Allocations: National Government: Water Services Infrastructure Grant	87 510	81 020.52	6 489.48	92.58
Total Capex - Sanitation Services			4 087 510	81 020.52	4 006 489.48	.98

Table 3.8 WASTEWATER SERVICES POLICY OBJECTIVES AS PER IDP

WATER SERVICES POLICY OBJECTIVES AS PER IDP: 2021/2022 FINANCIAL YEAR						
Strategic Objectives	Key Performance Indicators	2021/2022		2022/2023		
		Target	Actual	Original Target	Adjusted Target	Actual Performance
Accelerated delivery and maintenance of quality basic and essential services to all Communities	Number of permits issued for effluent monitoring compliance by 30 June 2022	50	50	50	-	45

3.3 ELECTRICITY PROVISION

Table 3.9 Electricity Provision

	2021/22 Actuals	2022/23 Budget	2022/23 Actuals	Variance
	'000	'000	'000	Amount
Total Operating Revenue	3 283 321	4 231 392	3 445 122	-22.82
Employee Costs	-47 672	-47 738	-53 244	10.34
Bulk Purchases	-3 027 327	-2 891 724	-3 141 314	7.95
Other expenditure	-219 951	-1 310 445	-1 118 949	17.11
Total Operating Expenditure	-3 294 950	-4 249 907	4 313 507	1.47
Nett Operating Profit/(Loss)	-11 629	-18 515	-868 385	97.87

Table 3.9 Access to Basic Levels of Electricity

Strategic Objectives	Key Performance Indicators	2021/22		2022/2023		
		Target	Actual	Original Target	Adjusted Target	Actual Performance
Accelerated delivery and maintenance of quality basic and essential services to all communities	Percentage completion of civil works, earth works and procurement of long lead material for the construction of Boitekong Substation by 30 June 2023	Phase 2 Civil Construction	Phase 2 Civil Construction	Civil Construction and procurement of long lead	-	Civil Construction and procurement of long lead

Table 3.10 Capital Electricity

M SC	AccountDescription	Funding Source	Full Year Budget	Year to Date Actual	Variance	YTD %
310	Distribution - Refurbishment of 11KV Substation Buildings	Fund: Capital: Transfer from Operational Revenue	3 000 000.00	-	3 000 000.00	-
310	Electrical Tools and Equipment	Fund: Capital: Transfer from Operational Revenue	7 828 023.00	97 460.00	7 730 563.00	1.25
310	Capex: HV Test machine and Equipment (replacement)	Fund: Capital: Transfer from Operational Revenue	2 000 000.00	-	2 000 000.00	-
310	Capex: Distribution - Replacement of Hydraulic Hand Tools In Storeroom	Fund: Capital: Transfer from Operational Revenue	200 000.00	-	200 000.00	-
310	Capex: Injection test-r - Primary and secondary	Fund: Capital: Transfer from Operational Revenue	1 200 000.00	-	1 200 000.00	-
310	Capex: Distribution - Replacement of Electricians Toolboxes	Fund: Capital: Transfer from Operational Revenue	1 000 000.00	38 551.20	961 448.80	3.86
310	Capex: Batteries and Chargers	Fund: Capital: Transfer from Operational Revenue	1 000 000.00	201 034.41	798 965.59	20.10
310	Dinie Estate - Electrification - Bulk line	Fund: Capital: Transfer from Operational Revenue	4 200 000.00	-	4 200 000.00	-
310	NW373_3-0 - IN-A - Software: Acquisitions	Fund: Capital: Transfer from Operational Revenue	10 000 000.00	-	10 000 000.00	-
310	Refurbishment of Traffic Light Intersections	Fund: Capital: Transfer from Operational Revenue	10 000 000.00	1 893 440.00	8 106 560 .00	18.93
310	Distribution - Refurbishment of 11kV Substation Equipment	Fund: Capital: Transfer from Operational Revenue	10 000 000.00	-	10 000 000.00	-
310	Refurbishment of network	Fund: Capital: Transfer from Operational Revenue	18 000 000.00	3 478 222.74	14 521 777.26	19.32
310	Refurbishment of Aged Rural Network	Fund: Capital: Transfer from Operational Revenue	12 500 000.00	22 909.50	12 477 090.50	0.18
310	Replacement of 33 kV Cables (Noord Sub, Munic Sub, etc)	Fund: Capital: Transfer from Operational Revenue	35 550 000.00	2 091 541.40	33 458 458.60	5.89
310	Integrated National Electrification Programme (New Boitekong 88/11kv Substation)	Fund: Capital: Transfers and Subsidies: Monetary Allocations: National Government: Integrated National Electrification Programme Grant	10 000 000.00	7 110 422.64	2 889 577.36	71.10
310	Capex: P.P.E > Upgrading - Electricity Network	Fund: Capital: Transfer from Operational Revenue	3 000 000.00	-	3 000 000.00	-
310	Electrification of fencing - Electrical Offices	Fund: Capital: Transfer from Operational Revenue	100 000.00	-	100 000.00	-
310	Low Voltage Test Machines	Fund: Capital: Transfer from Operational Revenue	1 500 000.00	-	1 500 000.00	-
Total Capex - Electrical Engineering Services			131 078 023.00	7 110 422.64	123 967 600.36	5.42

COMMENTS ON ELECTRICAL SERVICES The following were achieved during the period under review in terms of electricity:

Table 3.11 ELECTRICITY OVERVIEW

No	Service Provided	Performance		
		Annual Target	Actual	Variance
	RLM			
1	Boitekong Substation (2 X 20 MVA)	Substation building, fencing, foundation and support structures for primary plant equipment, paving and ordering of long lead material.	Completed	None
2	Modderfontein Substation	Construction of 2 X 20 MVA 33/ 11 KV substation	Completed	None
3	Arnoldstad Substation	Construction of 11 KV switching substation	Completed	None
4	House Connections (RLM)	135	135	None
	ESKOM			
5	House Connections (ESKOM)	327	197	130 - Due to access and houses not yet completed

3.4 WASTE MANAGEMENT

Table 3.12 Waste Management

Details	2021-22 Actuals	2022-23 Budget	2022 - 23 Actuals	Variance
Capital project				
Marikana-Construction Of Transfer Station	R0.00	R3 000 000	R0.00	R3 000 000
Total Capital Expenditure	R0.00	R3 000 000	R0.00	R3 000 000

Table 3.13 Waste Management Objectives

WASTE MANAGEMENT OBJECTIVES AS PER IDP: 2022/23 FINANCIAL YEAR						
Strategic Objectives	Key Performance Indicators	2021/2022		2022/2023		
		Target	Actual	Target	Adjusted Target	Actual
Accelerated delivery and maintenance	Percentage of formal households	100% households in formal	100% households on the	100% households on the	80%	98% households on the valuation roll provided

WASTE MANAGEMENT OBJECTIVES AS PER IDP: 2022/23 FINANCIAL YEAR						
Strategic Objectives	Key Performance Indicators	2021/2022		2022/2023		
		Target	Actual	Target	Adjusted Target	Actual
of quality basic and essential services to all communities	on the valuation roll provided with a weekly solid waste removal service by 30 June 2022	areas with access to refuse removal service	valuation roll provided with a weekly refuse removal services – (91091 households except farm households are provided with a weekly refuse removal service.	valuation roll provided with a weekly refuse removal service		with a weekly refuse removal service – (101 157) households except farm households are provided with a weekly refuse removal services.
	Number of recognized informal settlements with a waste service by 30 June 2022	16 x recognized informal settlements with a waste service	23 x recognized informal settlements with a waste service	24 x recognized informal settlements with a waste service	N/A	30 x recognized informal settlements with a waste service
	Number of recycling drop off facilities supported within RLM by 30 June 2022	2 existing recycling initiatives supported by RLM.	4 Recycling initiatives supported by RLM	2 existing recycling initiatives supported by RLM.	N/A	4 Recycling initiatives supported by RLM

COMMENTS ON THE PERFORMANCE OF WASTE MANAGEMENT

Waste Collection Services and Street Cleaning

The waste collection service is provided on a three-year tender that started on the 1st of May 2021 and will run until the 30th of April 2024. Katlego Baphiring Trading Enterprise CC is appointed for the kerbside collection through Compactors Trucks and Sethanye Trading and Projects (Pty) Ltd is appointed for skips removal within the municipal jurisdiction. The internal employees are focused on businesses and CBD collection due to limited fleet resources. There are dedicated teams for street cleaning and illegal dumping services. Over 200 illegal dumping areas were cleaned during the financial year. 101 157 households on the valuation roll have access

to basic waste collection services. There are also 3343 farm households that are not provided with any waste collection service by the Municipality. There has been a few disruptions of waste collection services in some areas, however, those challenges have been resolved.

Landfill Management

Mphele Engineers and Project Management was appointed for the Maintenance of Waterval Landfill site for a period of three years, effective 01 May 2021 until 30 April 2024. The site has been rehabilitated with basic services and necessary infrastructure restored. The site was partially fenced, electricity is partially restored, used office buildings were refurbished and the weighbridge system is in place. The gate fee has been collected since the 09 April 2018. Standard Operating Procedures (SOPs) have been developed to ensure that the facility is operated and managed in a safe and compliant manner. Quarterly internal audits are conducted by the Integrated Environmental Management Unit to ensure that the Municipality complies with license conditions. The Municipality has for the first time conducted an External Audit as required by the License Conditions and to date the Waterval Landfill Site is 82% compliant. The non-compliance aspects of the License were mainly water and gas monitoring and progress has since made from 59% compliance in 2020/2021. The surface and underground water tests were undertaken for the first time in 2021/22 and results are available. The gas probes are installed at the Landfill site and monitoring results are available. The total tonnages received at the Waterval Landfill site since July 2022 to June 2023 was 82 347 300 (kg) or 82 347.3 tonnages.

Compliance

During the last site inspection conducted by the Department of Economic Development, Environment, Conservation and Tourism (DEDECT) on the 29 September 2020, the level of compliance was at 59% from External Auditors. It has increased from 71% and 82% respectively after the process of correcting the non-compliance conditions such as reinstatement of the bulk water system on site and water monitoring activities. An action plan was developed to address the non-compliance issues and further simplify the operation of the site. The 2022/2023 joint inspection by the Environmental Authorities was done in March 2023, which saw the compliance declining to 52%. The decline was however a result of heavy rains experienced by the Country in February 2023. The site received pre-compliance notice from Authorities, but an action plan was immediately developed to address the outcome of the compliance inspection and the Municipality is confident that the compliance status will increase should authorities revisit the site for 2023/24 financial year.

Informal Recycling activity

During the financial year, recycling activity is primarily practiced informally by the reclaimers on site and handling various recyclables categories salvaged from the site. About 79 tons per month were diverted through this operation by the recyclers collecting recyclables from the site. Leshao Trading has been appointed by Mphele Engineers to manage the Recycling Facility at the Waterval Landfill Site; however, the Municipality was finalizing electrical installations in the Recycling Workshop. Furthermore, the Municipality supports recycling initiatives by providing education and awareness, data collection, linking reclaimers with markets.

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 Project is anticipated to be completed in the 2022/23 financial year as per the discussion with the Provincial Department of Cooperative Governance and Traditional Affairs.

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

Rustenburg Local Municipality had five communal sites in regional areas of Rustenburg at Monakato, Lethabong, Marikana, Phatsima and Bethanie. All these sites were closed, and closure licences of the sites were received from the Authorising body (DEDECT). The Municipality initially wanted to follow the process of variation for the communal sites closures which was expected to be completed in December 2021. During the financial year, the Municipality looked at the costs of formal closure of the sites and approached the Authority to discuss the possibilities of surrendering Licenses in terms of Section 57 of the National Environmental Management Waste Act (Act 59 of 2008). The Municipality had inspections with DEDECT to all five sites Lethabong, Monakato, Phatsima, Marikana and Bethanie. An inspection report has been received by the Municipality which recommended formal closure for Monakato, Lethabong and Marikana. Surrender will thus take place in Bethanie and Phatsima through an application process. 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. The Municipality must then source funding to rehabilitate the communal facilities as recommended by the Authorities.

Closure and Rehabilitation of Townlands Landfill site

The Municipality advertised a request for proposal for the rehabilitation of Townlands more than three times. It was only in the financial year 2022/23 that Mine Rehabilitation and Green Economy Holdings was appointed for the Townlands economic beneficiation. Council approved the appointment of Mine Rehabilitation and Green Economy Holdings at risk and the process of sourcing external legal opinion on the appointment is underway and comments from National Treasury were received.

Expanded Public Works Programme (EPWP)

During this financial year, the municipality through its Day Labourers programme sourced service of 209 EPWP employees to assist with keeping the municipality clean in all wards of the municipality. The number was in the third quarter reduced to 125 due to limited financial resources. The Municipality has managed to procure three compactor trucks, two tipper trucks and one Front End Loader through the Municipal Infrastructure Grant application process. The equipment is used in informal and low-income areas of the municipality. The Unit has managed to successfully implement the shift system since August 2021.

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 7th of June 2016. The

process involves enforcement and registration of all private waste collectors within the jurisdiction of RLM. The tariffs in line of registering private waste collectors were approved by Council for implementation.

Strumosa Garden Waste Facility.

The facility was initially opened on weekends for the disposal of garden waste only. In February 2020, the facility started operating from Monday to Sunday only for the disposal of garden waste. The facility only accommodates residents disposing of 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. The facility was operational under the year under review but the challenge was theft of the surrounding fence.

Illegal Dumping Management

Illegal dumping of waste is a serious concern within the municipal jurisdiction. Mushrooming informal settlements are the main contributors to illegal dumping as there are no waste services provided by the Municipality in some of these informal settlements. Even those that are provided with the service, access is a challenge, resulting in the Municipality providing waste services to limited streets. The other biggest challenge in informal settlements is illegal connection of electricity, disabling the Municipality to clear illegal dumping areas. The Municipality has since identified hotspots within its area of jurisdiction and those hotspots are attended to bi-monthly. In its commitment to addressing illegal dumping, the Municipality procured an additional two tipper trucks and one Front End Loader to address the challenge. There is a need for capacity in the enforcement of the Waste By-law as well as education and awareness programmes.

3.5 LIBRARIES AND INFORMATION SERVICES

INTRODUCTION

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

To determine the needs of the community by public participation processes such as the collecting and analysing of data relating to the needs of individuals and groups (e.g. children, young adults, students, adults, professional people, etc) in the community.

To extend library services by establishing branch or satellite libraries in unserved areas with funding from the Provincial Government, the Local Municipality and donors.

To obtain external funds for the establishment of an information and educational network and rendering of excellent Library and Information services in the jurisdiction area of the local municipality

To build and maintain a community information database and disseminate information to the community.

To promote library services and instill a reading culture, improve literacy levels and provide free and open access to community and survival information.

To present programmes such as story hours, talks, life skills training courses, literacy training, etc to promote reading and literature and to contribute to the upliftment of the community.

CONSTITUTIONAL OBLIGATIONS

The MEC for the Department of Arts, Culture, Sports and Recreation has in her budget speech of 23 May 2023 on page 12, committed to addressing the unfunded mandate which will be a phased in approach of multi years where Executive Functions will be assigned or the service provincialized completely by the Department. Various consultative processes will be followed with Rustenburg Local Municipality, SALGA as will be the case with other Local Municipalities within the Province.

LIBRARY USAGE

In this financial year, the municipality managed to provide Library service to not more than 27 of the 45 wards. A total number of 56 919 users visited the 14 libraries within the Rustenburg Local Municipality to be provided with various services as per their needs of the day. Libraries have since 2016 struggled with providing Internet Access to the communities.

Information Communication Technology.

The Department of Arts, Culture, Sports and Recreation has through SITA appointed service providers to provide ICT services to the 14 libraries with the following already concluded: -

Assessment of all the 14 libraries to consider their status.

Routers delivered to all 14 libraries.

Cabinets for housing necessary equipment delivered at all 14 libraries.

The process is still unfolding with installation of satellite equipment at various libraries underway and a progress report to be provided once the project is completed.

OUTREACH PROGRAMMES

Table 3.15 Outreach Programmes

Programme	Key Focus Area	Library
South African Library Week	Marketing of libraries, registration of membership, book review, narration of impact stories	Key Unit programme at Karlienpark library with other libraries also setting up various displays and other promotional programmes
World book day Commemorations	History of the book from cave paintings to kindles, ending in a marketing opportunity for the online library	Key Unit programme at East End library with other libraries also setting up various displays and other promotional programmes
International world play day celebrations	Play activities at various libraries to encourage learning through play	Key Unit programme at Phatsima library with other libraries also setting up various

Programme	Key Focus Area	Library
		displays and other promotional programmes
International Literacy day	Promote the love for reading and inculcate the culture thereof.	Key Unit programme during the Official Opening of the new Lethabong Community Library.

LIBRARY ACHIEVEMENTS

The official opening of the new Lethabong Community Library on 29 September 2022 was the main highlight with the library built by the Department of Arts, Culture, Sports, and Recreation in partnership with the Rustenburg Local Municipality.

Usage of library and information services (e.g., study, research, borrow library material, information and reference inquiries, photocopy services, meetings etc.) by 56 919 users in comparison to the 34 026 users during the 2021/22 financial year.

3.6 INTEGRATED ENVIRONMENTAL MANAGEMENT SERVICES

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

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 cognizance of any environmental management instrument adopted by the relevant environmental management authority.

The following EIA applications were evaluated for the financial year 2022/2023

27 EIA applications received and evaluated.

23 x Rezoning/lease/billboards applications received and evaluated.

8 x mining rights applications received evaluated.

Challenges with the mining rights applications

The submission of the mining rights applications to the Integrated Environmental Management Unit, by the Applicant (Environmental Assessment Practitioner) is often done whilst the Environmental Authorisation has been issued by DMRE. The Municipality as the Interested and Affected Party is allowed 30 days' period to

comment on the application, also, the delay by the EAP in responding to the request by the Municipality for site inspection and additional information adds to the challenges.

Integrated Environmental Management invited the Department of Mineral Resources and Energy to discuss issues pertaining to mining rights applications, but the Department never responded. This matter needs to be treated as a matter of urgency since the applications are starting to pick up a momentum.

The evaluation was based on the Environmental tools such as

Bojanala District Environmental Management Framework, wherein the revised RLM EMF is infused.

EIA Regulations of 04 December 2014 as amended (07 April 2017) promulgated under section 24 read with section 44 of the National Environmental Management Act (NEMA), 1998 as amended,

ROSHMAP

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

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:

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

JOINT COMPLIANCE AND INSPECTIONS WITH DIFFERENT STAKEHOLDERS

1. 11 x JOINT COMPLIANCE AND INSPECTIONS WITH THE BOJANALA PLATINUM DISTRICT MUNICIPALITY IN THE MINES FOR APPLICANTS AND VARIATIONS OF ATMOSPHERE EMISSION LICENCES (AELs) AND TO CHECK COMPLIANCE WITH ENVIRONMENTAL LEGISLATION AND AUTHORIZATIONS.
2. 4 X JOINT COMPLIANCE AND INSPECTIONS WITH THE DEPARTMENT OF ECONOMIC DEVELOPMENT, ENVIRONMENT, CONSERVATION, AND TOURISM (DEDECT) TO CHECK COMPLIANCE WITH ENVIRONMENTAL LEGISLATION AND AUTHORIZATIONS IN DIFFERENT FACILITIES.
3. 1X JOINT INSPECTION WITH RUSTENBURG LOCAL MUNICIPALITY PUBLIC SAFETY CHECKING COMPLIANCE ON SPRAY PAINTERS AND STREET MECHANICS IN THE CENTRAL BUSINESS DISTRICT

AMBIENT AIR QUALITY MONITORING STATIONS REPORTS

Rustenburg Local Municipality is monitoring ambient Air Quality through the Ambient Air Quality Network, namely Marikana and Boitekong Stations. Tlhabane Station is currently not operational and in the process of recommissioning. Integrated Environmental Management Unit, over and above the report drawn from the 2 Operational Rustenburg Local Municipality Stations, requested ambient air quality reports from the Mines: Anglo. A comparison is done every month between the results of Anglo and RLM Stations to check exceedances. The compared results are discussed with the Mines where exceedances were recorded.

1. 7 X RUSTENBURG LOCAL MUNICIPALITY AMBIENT AIR QUALITY MONITORING REPORTS.
2. 7 X ANGLO PLATIUM AMBIENT AIR QUALITY MONITORING REPORTS.

Environmental Education and Awareness Programmes

Environmental Education and Awareness, the sharing of knowledge, skills and experience and other appropriate means”.

The 2022/23 Environmental Education and Awareness programmes were conducted in an integrated approach which considered Environmental, Waste and Air Quality Education and Awareness.

It is against this approach that a total of 78 Education and Awareness Programmes were conducted for the financial year 2022/23 wherein the annual target was 70 after amendment of the Directorate Scorecard.

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

COMPONENT B: COMMUNITY FACILITIES

INTRODUCTION

Community Facilities include Parks, Cemeteries & Horticultural Services, Sports & Recreation and Civic Centre and Community Halls. A Unit Head who is in charge of all the three sections (Parks, Cemeteries & Horticultural Services, Sports & Recreation and Civic Centre & Community Halls), leads the Unit Community Facilities. The Unit Head is supported by one Administrative Assistant in the running of the Unit. The Sections are as follows:

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 failure to attract additional external part-time Lifeguards to augment our existing number, and as well as failure to procure relevant swimming pools pumps, all of this which led the municipality in opening only two (2) swimming pools instead of five (5).

The municipality has well developed sports facilities under its assets register namely: Olympia Park Stadium, Zinniaville Sports Facility, Boitekong Stadium, Monakato Sports Facility, Lethabong Sports Facility, East End Sports Facility, Old Sports Ground, Impala Rugby Club, Impala Bowling Club, Rustenburg Tennis Club, Proteapark Tennis Club. The Impala Cricket Club (facility) has been vandalized during 2021/2022 financial year).

In addition, the municipality is also attending to approximately 70 rudimentary sports grounds that are maintained through a quarterly maintenance programme which includes grass cutting, litter picking and grading (mostly provided through Road’s assistance). 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 grass cutting and grading of the sports grounds.

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

3.7.1 Number of paid bookings for use of sports facilities the period 1 July 2022 to 30 June 2023

Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
04	07	07	03	05	02	05	03	00	00	00	02	38

3.7.2 Free Use Bookings for use of sports facilities for the period 1 July 2022 to 30 June 2023

Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
20	08	32	27	14	00	05	14	05	00	02	17	144

Total income loss as a result of free usage = R350 960.00

Number of free usages at sports facilities were 144 amounting to a loss of R350 960.00 for the financial year 2022/23

Total income for Rental of Sports Facilities = R77 826.00

Number of paid bookings totals 38 with an income amount of R77 826.00 for the financial year 2022/23

Total income received from long-term rentals during the financial year = R96 600.00

Impala Rugby Club payment of R1500 per month for the period (July 2022 to June 2023) amounts to R18 000.

Impala Bowling Club payment of R1500 per month for the period (July 2022 to June 2023) amounts to R18 000.

Mmabana Sports Hall payment of R20,200 for the period (July 2022 to June 2023) amounts to R60 600.00

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	Vacant x 1	
Swimming Pool Superintendent	M x 1	
Team Leader (Pools)	M x 1	
Swimming Pool Instructors	M x 5	
Generalist Workers (Sports)	M x 7	F x 6
Generalist Workers (Sports) Temporary	None	
Generalist Workers (Pools)	M x 7	F x 5
Machine Operators (Sports)	M x 6	F x 1
Machine Operators (Pools)	M x 1	

Position	Gender and Number	
Tractor Drivers	M x 1	
Total	32	14
		46

3.7.4 CHALLENGES

1. Lack of physical security at most facilities including Olympia Stadium, Boitekong Stadium, Monakato Sports Grounds
2. Lack of maintenance on buildings;
3. Vandalism and theft;
4. Insufficient operational budget for daily operations;
5. Low capital budget for new projects;
6. Low staff morale;
7. Shortage of qualified lifeguards at pools;
8. Long turnaround time for repairs and breakdowns on machinery and equipment;
9. Section does not have enough fleet to attend to an ever-increasing number of rudimentary grounds within the municipal area.

3.8 CIVIC CENTRE AND COMMUNITY HALLS

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

Table 3.8.2 Areas where halls are located

No.	Location / Area	Ward
1	Tlhabane	9
2	Monakato	25
3	Phatsima	1
4	Marikana	31
5	SunrisePark (vandalized)	22
6	B Tause (Lethabong)	27
7	Rustenburg Old town hall	42
8	Meriting	12
9	Ben Marais	13
10	Zinniaville	43
11	WA van Zyl	16
12	Makolokwe (handed over by District Municipality)	29 Not yet in the Municipality asset register
13	Paardekraal Extension 23	40

No.	Location / Area	Ward
14	Banquet Hall	15
15	City Hall	15
16	Atrium	15
17	Boitekong	21
18	Auditorium	15
19	Robega (handed over by District Municipality)	2 Not yet in the Municipality asset register
20	Molote City (handed over by District Municipality)	36 Not yet in the Municipality asset register
21	Mamerotse (handed over by District Municipality)	28 Not yet in the Municipality asset register

3.8.3 Paid up bookings for use of community halls record for the period 1 July 2022 to 30 June 2023

Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
23	33	23	71	45	10	16	14	22	14	25	18	314
R101 883	R229 636	R47115.40	R314008.40	R143553.80	R38049	R39833.40	R38252	R103169.80	R41468	R94721.60	R39278	R1'230'968.40

3.8.4 Free use bookings for use of community halls for the period 1 July 2022 to 30 June 2023

Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
42	35	22	40	49	7	49	4	8	18	31	27	332
R110149	R198648	R88472	R154196	R206427	R19806	R23219	R11967	R20613	R112110	R131364	R98387	R1'175'358

Utilization of the facilities (halls and civic center) for the 2022/2023 year improved mainly due to relaxation of most of Covid-19 restrictions.

3.8.5 CHALLENGES

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

- Chiller Plant at Rustenburg Civic Centre
- The chiller plant has not been working since 2021 after it was vandalized. Mechanical Engineering has brought service providers to assess and evaluate the plant with an intention to reactivate it.
- Back –up Generator at Rustenburg Civic Centre
- The current generator is not sufficient to power the entire building. Sections powered are basement parking, Banquet hall foyer and Council Chamber foyer only.
- Current Status is that during power outage the generator kicks in but does not power any lights or plugs.
- Free use of facilities is a huge concern.
- Damage to property is mainly by clients using the facility for free.
- Vandalism and theft
- Insufficient lights at the parking lot of all the facilities.
- Below market related tariffs.
- Shortage of staff due to retirement, resignation and death, positions are not filled.
- Low staff morale
- Proper fencing for the Community Halls.
- Supply chain delays on purchasing materials
- Lack of capital budget to replace outdated/dilapidated equipment and facilities
- Insufficient operational budget to execute planned annual maintenance and repairs on buildings and facilities.

3.8.6 Staff

Position	Gender	Number
Section Manager	Vacant	
Admin Assistant	F	2
Sound & Light Technician	M	1
	F	1
Caretaker	M	4
Regional Caretaker	F	2
Generalist Worker	M	06
Generalist Worker	F	21
Total		37

PARKS AND CEMETERIES

EXECUTIVE SUMMARY

The Constitution of RSA provides a 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 has fifteen (15) municipal cemeteries under its management. Most are active while some are inactive. The below table indicates a list of Municipal cemeteries:

STATUS OF MUNICIPAL CEMETERIES

NO.	WARD	CEMETERY NAME	START YEAR OF OPERATION	SIZE	STATUS AND BURIAL SPACE LEFT	COMMENTS
01	01	Phatsima	1985	06Ha	1½ Ha. Needs new fencing and Upgrading of ablution facilities	Full fencing of about 1000m required for 21/22 FY. About R 800 000 is required for this. This burial site also needs to be extended. Fencing was not done due to limited budget. Land identification by DPHS in progress for Burial site
02	07	Tlhabane – Motsatsi	1964	05Ha	Closed. Reached capacity	Full wall fencing is required. Only reopenings and unveilings of tombstones were allowed. Application has been made to Glencore for construction of the wall. Awaiting formal response from Glencore.
03	10	Tlhabane-Moraka	Early 1940's	01Ha	Closed. Reached capacity	Full wall fencing is required. Limited budget hindering full wall fencing
04	14	Donkerhoek	1903	12 Ha	Reached capacity in 2011. Only reserved and re-openings are allowed	Kremetart extension with 2 hectares in progress. EIA processes finalized in 19/20 and fencing envisaged to be finalized in 21/22 and ablution facilities, water and electrical connections of about R1m required for 21/22 financial years. Demarcation on the expansion site was done
05	16	Rietvlei - Developed area	2011	30Ha	Active.	Cemetery is active. MIG Funding was approved in 2021/22 financial year.

NO.	WARD	CEMETERY NAME	START YEAR OF OPERATION	SIZE	STATUS AND BURIAL SPACE LEFT	COMMENTS
		Undeveloped area	Not yet developed but was fenced during 2022-23 financial year.	20Ha	20Ha	R15 m budgeted for development during 2023-24 financial year utilizing MIG grant.
06	42	Pioneer	Mid 1800's	1½Ha	Closed due high water table	Rietvlei cemetery is used as alternative burial site.
07	21	Boitekong	1995	01Ha	Closed due high water table	A new cemetery was to be developed for greater Boitekong area. Challenges with suitable land for cemetery by DPHS. Rietvlei cemetery is an alternative burial area.
08	22	Sunrise	1998	03Ha	None. Reached its capacity	A new cemetery was to be developed for greater Boitekong area including Sunrisepark. Needs full fencing. Rietvlei cemetery is an alternative burial area.
09	25	Monakato (02)	1972	08Ha	Active	Active. Fencing and ablution facilities need upgrading. Not yet upgraded due to limited budget
10	25	Monakato (01)	1968	01Ha	Closed due to high underground water level	Closed due to high underground water level. Fencing needs upgrading.
11	27	Lethabong (01)	1984	10Ha	Active	Active. Fencing needs upgrading. Not yet upgraded due to limited budget
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. Not yet upgraded due to limited budget
14	32	Marikana	2011	20Ha	Active	Full fencing and upgrading of ablution facilities are needed. Not yet upgraded due to limited budget
15	43	Zinniville Karlienpark	August 1976	02Ha	Active	Christian burial site is left with few grave sites. Rietvlei cemetery will be used as an alternative burial site. Negotiations with Muslim committee to utilize Pioneer cemetery is ongoing.

BUDGET REQUIREMENTS FOR FENCING OF MUNICIPAL CEMETERIES

Cemetery name	Size	Required budget	Type of fencing
Fencing and roads in Kremetart Street (Donkerhoek cemetery)	02 hectares	Fencing done during 2022-23 R1 000 000 – Development of internal roads.	Treated poles and razor mesh used to fence off the area.
Perimeter Wall of Marikana Cemetery	20 hectares	R2 000 000	Perimeter Wall fencing – Brick wall
Fencing of Tlhabane-Motsatsi Cemetery	5 hectares	R2 500 000	Perimeter Wall fencing – Brick wall
Fencing of Tlhabane - Moraka cemetery	1 hectare	R1000 000	Perimeter Wall fencing – Brick wall
Upgrade fencing - Monakato cemetery	1 hectare	R800 000	Treated wooden poles and razor mesh wire
Upgrade fencing & Additional Ablution - Phatsima cemetery	6 hectares	R1 600 000	Treated wooden poles and razor mesh wire, wall at the back.
Upgrade fencing- Lethabong cemetery 01	10 hectares	R1000 0000	Treated wooden poles and razor mesh wire
Upgrade fencing- Lethabong cemetery 02	6 hectares	R1000 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	-----	Fencing done during 2022-24 financial year
Fencing of Sunrise cemetery	3 hectares	R400 000	Treated wooden poles and razor mesh wire

3.8.7. PARKS AND OPEN SPACES

Status of Parks and Open Spaces in the Municipality

Ward	Description	Status
07	Tlhabane park GG (Pule street)	Needs overall development i.e., irrigation lawn, planting of new trees, Fencing, ablution block renovations new playing and gymnasium equipment, waste bins
11	Tlhabane park (new)	Vandalized. Needs proper fencing, repair of ablution facilities, upgrading, repair of irrigation system (pressure pumps, water tanks 10 000 lt x 4 renovations (install windows, full plumbing and electrification and replacing of all playing and gymnasium equipment, repair of braai area, waste bins

Ward	Description	Status
09	Bester park	Partly developed. No fencing, playing equipments, fencing, ablution facilities, waste bins, bollards, irrigation system, planting of new trees and braai area(s)
13	Noord / Kloofspruit park	Vandalized. Needs repair of fence, ablution facilities, Repair of kiosk, installation of play equipment, new trees, waste bins and electrical components.
15	Paul Bodenstein Park	Vandalized. Needs fencing, repair of ablution facilities, dams, irrigation system, electricity, replacing play equipment and water feature, repair of mass lights and waste bins. Upgrading by business community in partnership with RLM started during 21/22 financial year
14	Joubert / Burgers Ford park	Fenced with bollards. Irrigation system needs to be repaired, new trees, waste bins and ablution blocks
18	Dawes park	Needs to be fenced with bollards. Needs play equipment, mass lights, ablution block, new trees and waste bins. New trees planted during 2021/22 financial year
16	Kruisbessie park	Well fenced. Needs development
01	Phatsima hall and fire station surroundings	Both needs garden development
14	Main Library garden	Well-developed
15	Civic centre	Well-developed but irrigation system needs upgrading
14	Fire department	Well-developed
08	Traffic department	Well-developed. Needs repair of irrigation system
15	Visitors Information centre garden	Needs upgrading of irrigation system
42	Mpheni house and surroundings garden	Needs upgrading of irrigation system, waste bins, garden storage and new lawn
16	Kremetart old age home garden	Well developed
31	Marikana RCC	Well maintained. Needs garden development
32	Kruger Park	Fencing, irrigation system, waste bins, ablution blocks, 3 mass lights, new trees, walkways and playing equipment
33	Old Library RTB North	Garden development
34	Phatsima Fire dept	Garden development

NB: The status quo remains the same concerning the above information.

Staffing: Parks and Open Spaces

Position	Gender	Number
Section Manager	M	01
Admin Assistant	M	01
Regional Supervisors	M	03 (vacant x 1)
Assistant horticulturists	M	01
Horticulturist	M	02
Senior horticulturist	----	01 (vacant)
Generalist Worker	F	17
Generalist workers	M	12
Field ranger	M	01
Tractor drivers	M	06
Truck driver	M	01
Machine Operators	M	20
Team Leaders	M	01
	Total	65

Staffing: Cemeteries

Position	Gender	Number
Section Manager (same as Parks)	M	-----
Admin Assistant	F	01
Aid clerk	M	01
Caretaker	M	01
Team leader	M	01
Generalist Worker	M	16
Generalist Worker	F	02
TLB Operators	M	02
	Total	24

CONSOLIDATED BURIAL REPORT 1 JULY 2022 – 30 JUNE 2023

MONTH	TOTAL NO OF BURIALS	AMOUNT
JULY 2022	104	R132 197.00
AUGUST 2022	113	R119 852.00
SEPTEMBER 2022	90	R86 708.00
OCTOBER 2022	93	R108 288.00
NOVEMBER 2022	58	R70 436.00
DECEMBER 2022	83	R119 177.00
JANUARY 2023	78	R87 564.00
FEBRUARY 2023	111	R106 921.00
MARCH 2023	110	R116 334.00
APRIL 2023	106	R121 622.00
MAY 2023	109	R124 629.00
JUNE 2023	91	R104 028.00
TOTAL	1 042	R1 168 559.00

KEY FUNCTIONS CARRIED BY THE SECTION 2022/2023: PARKS AND CEMETERIES

Grass cutting on municipal premises, sidewalks, open spaces including cemeteries.

Tree pruning and branches collection.

Garden maintenance.

Digging and shaping of graves.

Allocation of grave numbers and monitoring of funerals.

Partnership with Day EPWP beneficiaries.

CHALLENGES FACED BY PARKS AND CEMETERIES SECTION

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

Graves with high mounds should be stopped – Maintenance is also an issue if mound remains as you cannot use ordinary grass mowing machines.

Theft and Vandalism in cemeteries and parks.

Lack of security personnel and reaction forces in cemeteries and parks.

Limited budget for repairs and maintenance of cemeteries and parks.

Poor turnaround time for repairs of fleet and equipment.

Lack of equipment and machinery for both Parks and Cemeteries

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

3.8.7 CIVIL & FACILITIES MANAGEMENT UNIT

INTRODUCTION

The objective of the Civil & Facilities Management Unit is to ensure that the physical environment and infrastructure of a facility or building support the council's core business operations and the well-being of its occupants. The Unit encompasses a wide range of tasks and responsibilities aimed at optimizing the functionality, safety, efficiency, and overall performance of the workplace.

Some of the key objectives of Civil & Facilities Management Unit in the workplace include:

Maintenance and Asset Management: Ensuring that the facility's assets, including buildings, equipment, and systems, are well-maintained, efficient, and reliable. Regular maintenance and proactive asset management help prevent breakdowns, extend the life of assets, and minimize disruptions to business operations.

Health and Safety: Prioritizing the health, safety, and well-being of the occupants by creating and maintaining a safe and healthy work environment. This includes adherence to building codes, safety regulations, fire safety measures, emergency planning, and ergonomic considerations.

Space Utilization and Optimization: Maximizing the effective use of available space within the workplace. The Head of Civil & Facilities Management analyzes space requirements, plan layouts, and optimizes office configurations to enhance productivity and accommodate the changing needs of the organization.

Cost Efficiency: Managing facilities in a cost-effective manner by optimizing energy consumption, implementing sustainable practices, and identifying cost-saving opportunities without compromising on quality and safety.

Environmental Sustainability: Incorporating environmentally sustainable practices to reduce the facility's ecological footprint. This may include energy-efficient lighting, waste management, water conservation, and promoting eco-friendly initiatives throughout the workplace.

Workplace Experience: Fostering a positive workplace experience for employees, visitors, and clients by providing a clean, comfortable, and well-maintained environment. This can contribute to employee satisfaction, productivity, and overall organizational success.

Compliance and Regulatory Adherence: Ensuring compliance with relevant laws, regulations, and industry standards related to facility management, workplace safety, accessibility, and environmental impact.

Emergency Preparedness: Working together with Disaster and Emergency Unit in developing and implementing emergency response plans to handle various crises, such as natural disasters, security incidents, and medical emergencies, ensuring the safety and well-being of occupants.

Overall, Civil & Facilities Management in the workplace aims to create a conducive and efficient work environment that supports the organization's objectives, enhances productivity, promotes employee well-being, and aligns with sustainable and ethical practices.

BACKGROUND

The Civil & Facilities Management Unit is responsible for providing building maintenance to all buildings under the custodianship of the Rustenburg Local Municipality. There are more than 90 facilities that the Unit is responsible for, and these facilities comprises of 14 Libraries, 14 Office Buildings, 3 Traffic Departments, 16 Halls, 22 Sport Facilities, 3 Fire Fighting Stations, 6 Parks, 9 Cemeteries, 9 Regional Community Centre (RCC).

MAINTENANCE TEAM

The Building Maintenance Team which is responsible for all the buildings except that of Mpheni Missionary House consist of the Foreman, Special-worksman, Artisan Electrician and two Generalist Workers. The recorded maintenance request received and addressed per quarter were as follows:

QUARTER	COMPLAINT RECEIVED	JOBS COMPLETED	% ACHIEVED
Q1 (July – September)	126	110	87%
Q2 (October – December)	196	165	84%
Q3 (January – March)	182	166	89%
Q4 (April – June)	137	122	88%

MAINTENANCE BUDGET

The Unit needs more budget to accommodate all facilities, but due to financial constraint only few facilities can be prioritized. The allocated budget for maintenance tabled below:

TYPE	VOTE NUMBER	DESCRIPTION	ALLOCATED BUDGET
OPEX	O0001/IE00649/F2496/X055/R0332/001/305	Maintenance of Buildings	4 269 928
CAPEX	C0306-2/IA00032/F0002/X057/R0333/001/305	Revamp of Mpheni	5 413 190
CAPEX	C0327-3/IA00092/F0002/X006/R0333/001/305	Installation of fencing at various municipal facilities	1 732 220
CAPEX	C0306-2/IA00032/F0002/X006/R0332/001/305	Installation of emergency escape route between Houing Department and Speaker's Office at Mpheni	216 527

ACHIEVEMENTS

NO:	PROJECTS DESCRIPTION	STATUS
1	Servicing of fire fighting equipment for a period of 36 month - RLM Facilities	The project is ongoing. The project will be completed in January 2025
2	Refurbishment of Phatsima Fire Station	The project was completed in August 2022.
3	Refurbishment of Rankelenyane RCC	The project was completed in February 2023
4	Refurbishment of Boitekong RCC	The project was completed in May 2023
5	Installation of a new diamond razor fence around the perimeter at the Booster Facility	The project was completed in June 2023
6	Installation of the security fence and gate at Mayoral House.	The project was completed in April 2023
7	Appointment of a service provider for the repair to waterproofing and skylights at the Rustenburg Civic Centre.	The project was completed November 2022
8	Installation of the fence at Marikana Precinct	The service provider was appointed in June 2023, the project to be implemented in the new financial year (July/August 2023).
9	Installation of mesh burglar at Waste to prevent vandalism	The service provider was appointed in June 2023, the project to be implemented in the new financial year (July/August 2023).

NO:	PROJECTS DESCRIPTION	STATUS
10	Installation of the escape route between the Speaker's office and Housing Department at Mpheni Building	The project was completed in June 2023.
11	Refurbishment of the 8th Floor	The project was completed in April 2023
12	Maintenance of windows at Mpheni Building as and when required	The project is for three year and the contract will expire in November 2025

CHALLENGES

The Civil & Facilities Management Unit faces a range of challenges, particularly as buildings become more complex, organizations demand higher efficiency, and expectations for employee experience and sustainability increase. Some of the key challenges experienced by the Unit are, but not limited to:

- **Cost Management:** Balancing the need to maintain and improve facility performance while operating within budget constraints can be challenging. Rising operating costs, fluctuating energy prices, and maintenance expenses make it crucial for the Head of Civil & Facilities Management Unit to find cost-effective solutions without compromising on service quality.
- **Aging Infrastructure:** Many facilities and buildings have aging infrastructure, which requires constant maintenance and upgrades. Dealing with older systems can be challenging, as it may involve managing obsolete equipment, sourcing spare parts, and making retrofitting decisions.
- **Understaffed:** Maintenance of buildings is a day-to-day activity which needs personnel who are well equipped with vast experience in the construction industry to deliver services expected by the clients. The Unit, through engagement with the Corporate Support Services, will review the current structure to ensure that it is aligned with the status quo.
- **Sustainability and Environmental Compliance:** Civil & Facilities Management Unit must address increasing expectations for sustainable practices and environmental compliance. This includes reducing energy consumption, implementing green building practices, waste management, and meeting regulatory requirements for environmental protection.
- **Safety and Security:** Most buildings/facilities lack access control as it is easy to visit anyone without an appointment which poses risk of officials being attacked. Ensuring the safety and security of employees and clients is a top priority for the Rustenburg Local Municipality. This involves implementing robust safety measures, emergency planning, and addressing security threats.
- **Workplace Experience:** As workplaces become more focused on employee well-being and productivity, the Head of the Civil & Facilities Management Unit must create spaces that provide a positive user experience. This involves considering elements such as office layout, lighting, acoustics, temperature, and amenities that contribute to a conducive work environment.
- **Talent and Skills Gap:** The industry faces a shortage of skilled professionals, especially with the growing complexity of buildings and the integration of technology. Attracting and retaining qualified talent becomes a challenge, requiring investments in training and development programs.
- **Regulatory Compliance:** Compliance with building codes, safety standards, environmental regulations, and other legal requirements is essential. Keeping track of ever-changing regulations and ensuring adherence can be time-consuming and complex.

- Addressing these challenges requires strategic planning, adequate funding, collaboration with stakeholders, continuous learning, vacant positions being filled and a proactive approach to Facilities Management.

COMPONENT C: PLANNING AND HUMAN SETTLEMENT

3.9 PLANNING AND HUMAN SETTLEMENT (DPHS)

3.9.1 INTRODUCTION PLANNING AND HUMAN SETTLEMENT

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 the 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 register. Ensure continued success in all asset management operations by providing precise information and understanding of the physical characteristics of the portfolio or the assets.

3. LAND DISPOSAL

The 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, government and other organisations

Issue rights to use land for servitudes and wayleaves; 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.

Legislative Framework

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

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 becha 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.

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)

3.9.3 Disposal Projects/Programmes

3.9.3.1 Rapid Land Release Programme

The programme plans for the municipality's intended Program of residential, mixed use, community land releases with particular emphasis on the previously disadvantaged communities, within a well-planned environment. The programme is indicative and subject to change as forecasts population changes, demand for land and the capacity to cost effectively deliver key infrastructure and services.

The programme seeks to assist effective communication of the municipality's intentions or actions thereby avoiding the pitfalls of desperate people who would be vulnerable to exploitation and encourage people to be wary of land grabbers.

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

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

Lethabong: A total of 1871 beneficiaries have been allocated. The total number of stands was 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.

Plot 50: a total of 367 beneficiaries have been allocated the stands to date.

3.9.4. LAND ACQUISITION

The Rustenburg Local Municipality requires land for Integrated Human Settlement. Economic expansion in the city, as a result of mining in the area resulted in high population growth and in turn the sprawl of informal settlements. There are currently 40 profiled informal settlements in the Municipality and various requests for assistance have been sent to Government entities such as 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 land. These aspects impact on housing development activities within the jurisdiction. Portion 8 of the farm Boschoek 103 JQ in the extent of 34 hectares was acquired by the Rustenburg Local Municipality.

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

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

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

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

The council signed contracts with regard to a donation on Portion 16, Portion 194 – 196, Portions 198 – 207, Portion 57, Portion 58 and Portion 135 of the farm Rooikoppies 297. These properties will be used for the upgrading of the informal settlements within Marikana.

Contracts signed on Portions 53, 99, 129, 157, Remaining extent of Portion 164, a portion of Portion 185 of the farm Kroondal 304 JQ. These properties are for the proclamation of Ikemeleng.

Expropriation of land:

Council is in the process with the following expropriations:

New negotiations with private landowners concerning the location of a servitude to provide water and electricity to Waterkloof East Extension 31.

Council with the assistance of HDA in progress with regard to the expropriation of Portion 45 of the farm Paardekraal 279 JQ.

Expropriation of Portions 55, 183 and 184 is in progress. These properties are for the establishment of Marikana Extension 13.

Expropriation of land: Boschfontein

The council is in the process of 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 were in the process:

Waterkloof East Extension 43: Portion 363 of the farm Waterkloof 305 JQ:

Waterval East x 40

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 timely payment of the rental amount. These facilities are assets of the Municipality and through effective contract management can generate considerable revenue for the Municipality.

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 another technical department measured as follows:

Table 3.15 Building Plans

Financial Year	2022/2023
	Number of Plans Received
1 st Quarter	163
2 nd Quarter	231
3 rd Quarter	142
4 th Quarter	200
Total no. of Plans received per year	736

Income generating activities:

Building plan fees and legal fines issued to contraveners.

Monitoring and evaluating trends in 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 2023

Table 3.16 Rand Value for Building Plans

Vote Number	Vote description	Original budget	Income generated
165 017 1032	Building Plan fees	R780 000	R88 138 (as at end May 2023)

DEVELOPMENT PLANNING

Unit Purpose

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

Functions of the Unit

Ensure that spatial planning, land development and land use management adheres to the development principles as stipulated in Section 7 of the Spatial Planning and Land Use Management Act, 2013 (Act No. 16 of 2013).

Ensuring access to accurate and reliable strategies and spatial information to inform development and decision-making through effective and efficient Geographic Information System (GIS).

Provide town planning information and developmental advice to municipal stakeholders (internal and external).

Section: Urban Renewal and Future Planning

Facilitate future planning to the advantage of the entire population of the area.

Manage all aspects relating to spatial forward planning within the area of jurisdiction such as identifying forward planning projects.

Provide short, medium and long-term spatial direction to municipal development through coordinating, developing and monitoring spatial development frameworks, policies, precinct plans, local area plans, etc.

Establishment of sound Municipal Spatial Development Framework, precinct plans, urban renewal strategies and development guidelines.

Section: Land Use Management

Determines and regulates the use of land within the municipality.

Responsible for the evaluation and processing of land use and land development applications.

Responsible for the evaluation and assessment of building plans and site development plans (SDP)

To ensure an effective, efficient and integrated Geographic Information Management System

Facilitation of land development through more active participation of the municipality in the land development process, especially through public-private partnerships

Section: Law Enforcement and Tribunal

Ensures land use compliance with the land use scheme and municipal planning policies.

Investigates and Monitors the alleged contraventions with the land use scheme.

Manage the promotion of law enforcement in the municipal area.

Enforce all legal requirements in line with Section 32 of the Spatial Planning and Land Use Management Act 16 of 2013.

Facilitate the Municipal Planning Tribunals to ensure effective and efficient proceedings.

Municipal Planning Tribunal

A committee established by Council in line with Section 35 of the Spatial Planning and Land Use Management Act 16 of 2013. Members were appointed by Council on 29 September 2020 for a period of 5 years. Responsible to consider and take decision on Category 1 application in terms of Section 16(2) of the Rustenburg Local Municipality Spatial Planning and Land Use Management By-law,2018. Members:

Chairperson: Mr Mocketla Mamabolo

Deputy Chairperson: Mr Peter Hoffmann

Mr Phuti Mokobane

Mr Thato Molwantwa

Ms Kelebogile Mekgoe

Mr Pierre Bergh

Director Planning and Human Settlement

Legal Advisor from the Office of the Municipal Manager

Legislative Framework

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

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

provide for a uniform, effective and comprehensive system of spatial planning and land use management for the Republic.

(Ensure that the system of spatial planning and land use management promotes social and economic inclusion.

provide for development principles and norms and standards.

provide for the sustainable and efficient use of land.

provide for cooperative government and intergovernmental relations amongst the national, provincial, and local spheres of government; and

redress the imbalances of the past and to ensure that there is equity in the application of spatial development planning and land use management systems.

Rustenburg Local Municipality Spatial Planning and Land Use Management By-law.2018 (SPLUM By-law)

The Rustenburg Local Municipality approved its Spatial Planning and Land Use Management By-law in 2015, the By-law was reviewed in 2018. In line with Section 35(3) of the Spatial Planning and Land Use Management Act,2013 (Act 16 of 2013) the SPLUM By-law categories land use and land developments applications into 2 (two) categories, Category 1 being land use and land development applications referred to the Municipal Planning Tribunal and Category 2 being land use and land development applications referred to the Authorised Official/Land Development Officer. The Rustenburg Municipal Council has authorized the amendment of the Rustenburg Local Municipality Spatial Planning and Land Use Management By-law, 2018 as per Council resolutions on Item 251, Council meeting of the 30th of November 2022.

Spatial Development Framework, 2010

The current Spatial Development Framework,2010 is outdated, the Rustenburg Local Municipality has appointed a service provider in June 2023 for a period of 12 months to develop a Municipal Spatial

Development Framework in line with the provisions of the Spatial Planning and Land Use Management Act,2013 (Act 16 of 2013)

Rustenburg Land Use Scheme 2021

The Rustenburg Local Municipality complied with the provisions of the Spatial Planning and Land Use Management Act,2013 (Act 16 of 2013) by approving the Rustenburg Land Use Scheme 2021. The Rustenburg Land Use Scheme 2021 was proclaimed on the 20th of July 2021.

SERVICE STATISTICS: TOWN PLANNING

The table below illustrate land use and land developmenyts applications in terms of rezoning and township establishment that were approved or finalised during the financial year:

CATEGORY	Quarter 1	Quarter 2	Quarter 3	Quarter4	TOTAL
Rezoning	03	07	08	04	22
Township Establishment	00	00	00	00	00
TOTAL	03	07	08	04	22

HUMAN SETTLEMENT

Housing Provision

The Unit Housing Provision has four sections, namely:

Subsidy Programme and Beneficiary Administration

Planning Implementation and Research

Urban Renewal and Human Settlement Redevelopment, and

Monitoring and 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 & planning, and monitoring and upgrading of Informal Settlements.

Progress of the existing Housing Development Projects

Table 3.18 Housing Development Projects

Project	Programme	Units	Progress	
Rustenburg Rural Housing	Rural Housing Project	1040	Foundation	575
			Wall Plate	554
			Completion	535
Lethabong	Project Linked	1000	Foundation	525
			Wall Plate	457
			Completion	366
Bokamoso	Greenfield	1600	Foundation	1121
			Wall Plate	1080
			Completion	899

COMPONENT G: ROAD TRANSPORT

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

3.11 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: 2022/23 FINANCIAL YEAR						
Strategic Objectives	Key Performance Indicators	2022/23		2022/23		
		Target	Actual	Original Target	Adjusted Target	Actual Performance
Accelerated delivery and maintenance of quality basic and essential services to all Communities	Kilometers of municipal roads built	30km	22Km	30km	30km	10,050 km under construction by 30 June 2023
The municipality implemented roads and stormwater projects through the Municipal Infrastructure Grant in various wards						

COMMENTS ON THE PERFORMANCE OF ROADS AND STORMWATER

By 30 June 2023 Roads and Stormwater projects were under construction in the Municipality through the Municipal Infrastructure Grant (MIG). About 70km of roads were re-sealed, potholes patching and roadmaking was done through the Roads & Stormwater Unit. Further works included re-gravelling of rural roads, installation of traffic calming measures and road signs.

The directorate has over 180 full-time employees and continues to strive to ensure service delivery is improved in terms of service delivery for roads and stormwater.

3.12 PUBLIC TRANSPORT SYSTEM

The Rustenburg Rapid Transport (RRT) project also locally known as “Yarona™” is a flagship national public transport initiative being implemented by the Rustenburg Local Municipality. Over the past financial year, the Municipality was constructing 6 Stations on the Tlhabane corridor. In August 2022, operations of phase 1A started in Tlhabane corridor on 9 routes. The RRT has been operating Phase 1A since the launch with 10 buses and 35 mini bus taxis running on 10 routes. The RRT further achieved the successful rollout of the automated Fare Collection and delivery of Yarona Cards and completion of the Bus depot at the Rustenburg show grounds. About 250 taxi vehicles have been removed and interim compensation is being paid to operators who have surrendered their vehicles and permits. The plan is to launch Phase 1B by December 2023, Phase 1C by March 2024 and Phase 2 by June 2024. Over the next 3 Years, services would cover 50% of commuters in Rustenburg, with full Phase 1 and 2 rolled out.

The funding of the **Public Transport Network Grant (PTNG) for the Project remains critical**. The RLM remains committed to achieving the objective provision of a quality municipal wide transport system while transforming the spatial development of the Municipality. Through the grant and Project, the RLM strives 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 intention is to implement Phase 1 and 2 within the medium term and to ensure the system components of a **quality public transport system**, based on the current amounts allocated, even though preliminary projections over the coming number of years proved to be much less than originally anticipated and designed for during the platinum mining boom in Rustenburg in 2008.

The Municipality approved that the phasing needs to be packaged per area in the sense that it can be **implemented in autonomy** whilst making an impact but also serve as building blocks towards the implementation of the RRT Full Network. The phases of the system need to have services that are attractive to users. The system must have the basic elements that are characteristic of a quality public transport system. Therefore, even for the minimum scenario the following will apply:

- ✓ buses on segregated lanes in certain designated areas of high traffic volumes;
- ✓ combination of open and closed stations;
- ✓ ABT/AFC System;

- ✓ Control Centre and Depot.
- ✓ When using the system, passengers should find, amongst others: clean buses; state-of-art buses; and a reliable service (fixed frequencies and headways).
- ✓ Universal accessibility is also considered as part of each sub-phase/scenarios.

Furthermore, with regards to *Industry Transition* and the buyout of current operators the phasing needs to be able to be packaged in cost-effective contracts. The implementation of the system has been designed according to an adequate number of users, short-distance operation, fleet optimisation, and a high Index Passenger-Kilometre. The distributions of future contracts for the Bus Operator Company (BOC) have been taken in count.

Infrastructure that supports each phase or sub-phase needs to be ready when implementing operations for that particular phase without compromising subsequent phases' operation and/or construction.

The RLM has been able to delay non-critical elements of the project to consider availability of Grant funding without significant disruption to packages already under construction or exposing the RLM to negative consequences resulting from contractual delays beyond RLM's control.

Summary of Project Expenditure for 2022/23 Financial Year

Table 3.20 Roads and Transport Capital Expenditure

Capital expenditure 2022/23 Financial Year			
ROADS TRANSPORT			
Details	2022/23 Budget	2022/23 Actuals	Variance
	R'000	R'000	R'000
Capital project			
Infrastructure Municipal Infrastructure Grant Funded Roads	R 119 00	119 000	R0
Rustenburg Rapid transport – Public Transport Network Grant (PTNG)	R378 508	R378 508	R0

Table 3.21 Roads and Transport Objectives

RUSTENBURG ROADS AND TRANSPORT OBJECTIVES AS PER IDP: 2022/23 FINANCIAL YEAR						
Strategic Objectives	Key Performance Indicators	2022/23		2022/2023		
		Target	Actual	Original Target	Adjusted Target	Actual Performance
Improved public transport infrastructure and services	Number of stations completed for the IPTN	New	New	4	4	12% construction progress on 6 stations
	Numbers of Buses operating through the BOC	New	New	12	10	10
	KMs of roads constructed within the Financial year	New	New	30km	30km	10,050 km Under construction by 30 June 2023

Table 3.22 PTNG Funds

FINANCIAL ACCOUNTING FOR PTNG FUNDS RECEIVED AND EXPENDED			
NO.1	Details	2021/22	2022/23
		R'000	R'000
1	PTNG FUNDS - APPROVED ROLLOVER	R0	R39 788
2	PTNG FUNDS - APPROVED ALLOCATION	213,649	238 720
3	ADDITIONAL FUNDS	-	R100 000
4	TOTAL FUNDS RECEIVED	R213 649	R378 508
5	TOTAL PTNG FUNDS SPENT	R39 788	R378 508
6	PERCENTAGE FUNDS SPENT	81%	100%

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. Initial operations started in first quarter of 2022/23. Key components are completed including the depot, buses, automated fare collection, negotiations with the affected operators have been commissioned for Phase 1A.

Roads and storm water projects are under construction around communities in Rustenburg and majority would be complete by 2nd quarter of 2023/24 financial year.

COMPONENT E: PUBLIC SAFETY AND SECURITY

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

3.13 LICENSING AND TESTING SERVICES

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

Background

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

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

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

- Renewal of Motor vehicles license – registration.
- Scraping and issuing of Vehicle clearance.
- Update details of motor vehicle.
- Introduce build-up vehicles and trailers.

- Introducing Natural persons, register bodies and companies.
- Issuing of Traffic Register certificate to Foreign nationals.
- Issuing of Temporary /Special permits to vehicles and Car dealership.
- Driving License Testing Centre (DLTC) and Vehicles Testing Stations (VTS) renders basic services; not limited to the following:
 - Examination of Vehicles for Roadworthiness and certificate of fitness (both Light & Heavy motor vehicles); as the station is a Grade A);
 - 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

- **There has been much improvement on revenue collection amidst Covid 19 challenges throughout the country and the world.**
- 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 and one (1) filing clerk were also permanently employed. One eye-testing officer was appointed to assist applicants for learner's license class.
- Learners License Appointment (class) finally resumed from the 07 June 2021 at Marikana Driving License Testing Centre (DLTC) testing two classes per day ,10 per class.
- RTMC installed 20X computerized tablets on the 14-15 March 2022 replacing manual learner's license testing method for both Marikana & Charora during this financial year. This was to improve service efficiency and prevent any corrupt activities.
- Two Live Capturing Unit (LCU) and 26 X tablets backup batteries were supplied to Charora & Marikana stations to improve service efficiency but thenetwork delayed the implementation of renewal of driving licenses during this period.
- The old fragile Computerised Learners Licenses Class computer equipments were also replaced with 20X tablets at Rustenburg station by Road Traffic Management Corporatrion (RTMC) end of June 2022 to accommodate more clients and resolve persisting problems.
- eNatis training was conducted for 3X management Representative and cashiers by the Administrator, North West Department of Community Safety.
- Additional Supervisor (Licensing Clerk/Cashier) was appointed for Rustenburg Registering Authority.
- RTMC supplied and installed new 33X mini CPU's and monitors,

Challenges Faced

- Filing space in all stations to secure the processed documents for auditing.
- Vandalism of network infrastructure (Telkom & Vodacom) is a major challenge which negatively affects eNatis system frequently and sometimes for a week or even more.
- Load-shedding, water shortages and network error impact negatively on revenue collection and service delivery in general, due to forced downtime and temporary closures.
- Robega Station is constantly experiencing water shedding which hampers smooth service delivery.
- An estimated amount of R750 000.00 is needed for the construction of Public Toilets and Parking Shelter at the Marikana Registering Authority. This will be placed for consideration in the 2023/24 budget.
- Two more examiners are yet to be appointed for Marikana DLTC to handle applicants for the renewal of the driver's license cards.
- The replacement of Weigh bridge was successful after Bafokeng Rasimone Platinum Mine sponsored the entire project. It was operationalized mid April 2023 and was handed over to Traffic Services as Law Enforcement equipment.
- Appointment of Two (2) Supervisors for Marikana Station, are yet to be advertised by Corporate Support Services within the Licensing and Testing Unit.
- Construction of shelter for clients waiting area for both Marikana and Robega.
- Two standby generators for Marikana and Robega stations to be acquired for 2023/2024 financial year.
- The Life Enrollment Unit (LCU, eye-test machine) at the Rustenburg DLTC is constantly losing network which affects service delivery negatively. Site Technician to be placed full permanently for speedy assistance.

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

Table 3.23 Operations at the Registering Authority

No	Details	2021/2022	2022/2023		2022/2023	
			Actual Performance		Revenue Generated	
		Actual	Target	Actual	Target	Actual
1	Number of vehicle licenses issued	181 501	161 651	155 390	R113 080 506.50	R 115 234 254.30
2	Number of vehicles tested	390	229	289	R 39 960.00	R 60 690.00
3.	No of License Penalties	47 816	36 149	38 892	R10 231 737.60	R 9 134 037.08
4.	Number of vehicles registered	37 164	37 024	46 437	R5 254 188.00	R 5 437 132.00
5.	Number of registration penalties	1 286	3 480	1 352	R126 761.20	R 72 352.80
6.	Number of Driving License Renewals	24 953	25 181	26 871	R5 377 728.00	R 5 743 806.00

No	Details	2021/2022	2022/2023		2022/2023	
			Actual Performance		Revenue Generated	
		Actual	Target	Actual	Target	Actual
7.	Number of Driving License tests	5 208	4 293	3 411	R1 024 983.00	R 838 512.00
8.	Number of learners tested	5 893	4 672	5 845	R249 676.00	R 736 470.00
9.	Number of PrDPs issued	7 953	6 631	1 744	R810 306.00	R 948 654.00
10.	Number of Permits issued	2 347	1 004		R990 043.00	
11.	Number of MV License Arrears	105 266	27 935	35 423	R5 927 397.29	R 6 594 781.39
12.	Number of duplicate deregistration cert	1 649	1 709	1 870	R409 146.00	R 414 578.80
13.	Number of vehicles scrapped	1 147	457	1 516	R30 694.34	0
14.	No of Traffic Register (form used by Foreigners to buy vehicles)	92	536	397	R0.00	0
15.	Number of learner's license test issued	2 703	1 974	2 352	R242 676.00	R 296 352.00
16.	Duplicate of Learners License	271	217	130	R25 326.00	R 14 238.00
17.	Temporary Driving License	115 248	17 801	20 506	R1 311 156.00	R 1 531 824.00
18.	Application for Roadworthy	679	334	360	R53 724.00	R 77 208.00
19.	Vehicles brought for Weighbridge	0	0	0	R0.00	0
20.	Confirmation of Driving License	19	15	16	R1 134.00	R1 008.00
21.	Transaction Fees –RTMC	187 107	132 303	127 162	R10 540 104.00	R 6 954 265.82
22.	Other License Fees		127	114	R17 538.00	R 89 426.80
TOTAL REVENUE					R155 744 784.93	

Table 3.24 Financial Performance: Expenditure 22/23

2022/2023

Actual This Period	Actual YTD	Annual Budget	Variance
(8 073 707)	146 118 114	138 044 407	(8 073 707)

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.

2022/2023 Financial Year Financial Performance:

OPERATIONAL BUDGET	YEAR TO DATE	
	Actual	Variance
Full Year Budget		
138 044 407	146 118 114	(8 073 708)

CAPITAL BUDGET	YEAR TO DATE	
	Actual	Variance
Full Year Budget		
1 100 000.00	26 607.00	1 703 393.00

REVENUE	YEAR TO DATE	
	Actual	Variance
Full Year Budget		
11 011 336.00	104 246.61	10 907 089.39

3.14. 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 smart and environmentally friendly city where all communities enjoy a high quality of life and diversity” 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 bring together expertise and resources for fighting and combating crime. Key collaborators in these joint operations are the Immigration Officers from the Department Home Affairs, members of the South African Police Services and the Provincial Department of Community Safety and Liaison.

Table 3.26 Financial Performance: Expenditure **2022/2023**

No	Details	2020/2021	2022/2023		2022/2023	
		Actual	Actual Performance		Revenue Generated	
			Target	Actual	Target	Actual
1.	Number of by-law infringements notices for the year	934	900	1 031	850	753

No	Details	2020/2021	2022/2023		2022/2023	
		Actual	Target	Actual	Target	Actual
2.	Number of illegal dumping fines issued during the year	33	800	1 027	50	20
3.	Number of law enforcement officers on duty on an average day	28	28	28	30	29
4.	Number of general complaints attended	472	472	500	300	310
5.	Number of protests and events attended	54	54	70	50	32
6.	Number of awareness campaigns conducted	47	50	40	100	205

2022/2023 Financial Year Financial Performance:

OPERATIONAL BUDGET	YEAR TO DATE	
Full Year Budget	Actual	Variance
69 068 339	56 900 247	12 168 092

CAPITAL BUDGET	YEAR TO DATE	
Full Year Budget	Actual	Variance
2 650 000	869 332	1 780 668

REVENUE	YEAR TO DATE	
Full Year Budget	Actual	Variance
615 627.00	-	615 627.01

RUSTENBURG MUNICIPAL TRAFFIC DEPARTMENT

MANDATE:

To promote community and road safety through road safety education, positively influencing road user behaviour through road safety awareness, traffic law enforcement and promote the rule of law through tracing and arresting offenders with warrants of arrest.

3.14.1 Traffic Services statistical data

No	Details	2020/2021	2022/2023		2022/2023	
			Actual Performance		Revenue Generated	
		Actual	Target	Actual	Target	Actual
1	Number of traffic accidents for the year (minor)	556	392	3486	0	3558
2	Number of fatalities for the year	3	11	14	0	9
3	Number of vehicles stopped for the year	20 333	30 473	38 312	38 312	31 623
4	Number of traffic fines issued during the year	16 118	19 999	27 816	27 816	18 505
5	Number of traffic officers on duty on an average day	20	18	21	21	20
6	Number of escorts attended to	38	160	196	196	166
7.	Number of warrants operations	465	470	547	547	425
8.	Number of road safety awareness campaigns	47	40	50	50	62

3.13.3 Municipal Court statistical data

No	Details	2020/2021	2022/2023		2022/2023	
			Actual Performance		Revenue Generated	
		Actual	Target	Actual	Target	Actual
1	Number of Court rolls	213	187	252	252	239
2	Number of Cases on the roll	14 476	14 579	17 247	17 247	14 985

No	Details	2020/2021	2022/2023		2022/2023	
		Actual	Target	Actual	Target	Actual
3	Number of Cases withdrawn	3 713	4 506	3 329	0	2851
4	Number of Cases struck off the roll	3 934	3 806	724	0	547
5	Number of Warrants of arrest authorized	10 542	6 267	13194	13194	11 587
6	Number of Drunk and driving cases recorded	447	0	179	0	22
7.	Number of Reckless and negligence driving cases	643	0	125	0	0
8.	Number of admissions of guilty cases	593	0	8	0	0

Financial Performance

Table 3.27 Financial Performance:

Full Year Budget 22/23	Year to Date Actual	Variance
71 55 162	57 514 001	14 045 161

2022/2023 Financial Year Financial Performance:

OPERATIONAL BUDGET	YEAR TO DATE	
Full Year Budget	Actual	Variance
69 129 162	57 340 523	11 788 639

CAPITAL BUDGET	YEAR TO DATE	
Full Year Budget	Actual	Variance
2 430 000	173 478	2 256 522

REVENUE	YEAR TO DATE	
Full Year Budget	Actual	Variance
(8 659 358)	(2 065 333)	(6 594,025)

3.15 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 to above.

Objectives of Firefighting Services

Table 3.29 Financial Performance:

2022 /2023 Financial Year Financial Performance:

OPERATIONAL BUDGET	YEAR TO DATE	
Full Year Budget	Actual	Variance
43 870 072	45 270 194	-1 400 122

CAPITAL BUDGET	YEAR TO DATE	
Full Year Budget	Actual	Variance
6 660 000	4 558 378	2 101 622

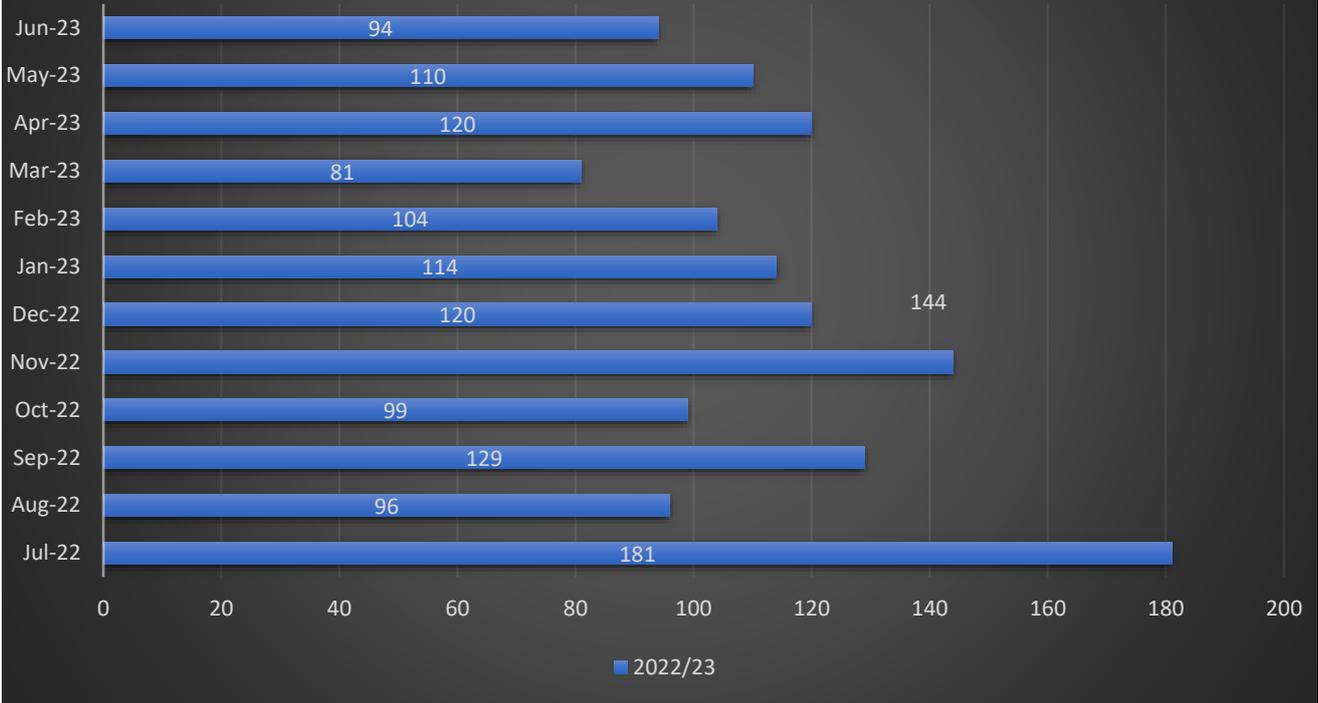
REVENUE	YEAR TO DATE	
	Actual	Variance
Full Year Budget		
908 450	-840 528	1 748 978

NUMBER FIRE SAFETY COMPLAINEE INSPECTIONS CONDUCTED DURING 2022/23

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

CATEGORY	NUMBER
Fire by-laws	73
General Fire Inspections	581
Transport Permit	215
Fire Plans	50
Fire Hydrants	244
Information Release	02
Flammable Registrations	219
TOTAL	1354

NUMBER OF FIRE SAFETY COMPLIANCE INSPECTIONS CONDUCTED



- Fire safety inspections conducted during 2022-2023 financial year are calculated at one thousand three hundred and fifty-four (1354).
- Enforcement of compliance through inspections plays a significant role in the reduction of the phenomenon of fires, that may escalate to disaster situation.

3.16 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

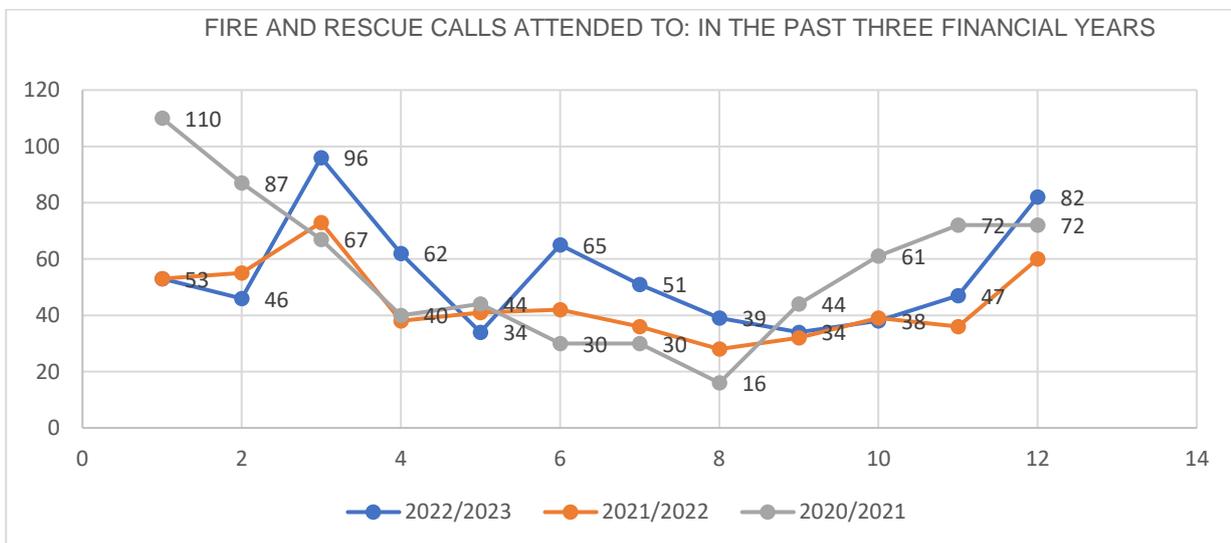
- Post-disaster recovery and rehabilitation.
- Disaster Management Services Data

Performed the following activities during Disaster Management Services activities undertaken during the period under review (2022/2023):

Number Risk Assessments Conducted	29
Rapid Incidents Assessment	112
Education & Awareness Campaigns	64
Evacuation Drills	14
Advisory Forums & Ad-Hoc Meetings	41

Emergency and Disaster Management attend to all categories of fire and rescue call in its jurisdiction. Call statistics are recorded in the Control Centre that operates 24 hours and information released upon request.

The graph below depicts the stats per month in the past consecutives three years.



Year	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2022/2023	53	46	96	62	34	65	51	39	34	38	47	82
2021/2022	53	55	73	38	41	42	36	28	32	39	36	60
2020/2021	110	87	67	40	44	30	30	16	44	61	72	72

STATISTICS OF FIRE AND RESCUE CALLS ATTENDED TO, DURING JULY 2022-JUNE 2023.

Type of Incidents	Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23	Apr 23	May 23	Jun 23	Total
Shack on Fire/informal settlement	8	4	2	6	2	5	7	1	2	2	1	2	42
Road Cleaning	2	0	1	2	1	2	3	3	0	3	1	3	21
Strike/ Riots	0	1	0	1	1	5	1	2	4	1	6	2	24
Electrical Fire	0	1	6	0	1	2	0	0	2	2	1	1	16
Commercial/ Business Structure	3	0	0	3	0	1	3	1	4	0	0	0	15
Special Service	0	0	0	0	0	14	1	1	2	8	1	1	28
Transport On Fire	2	0	0	2	1	4	5	3	1	0	2	1	21
Body Recovery/ Rescue	1	0	0	0	1	3	1	0	3	0	0	1	10
Motor Vehicle Accidents	3	3	6	2	3	7	3	2	5	3	9	3	49
House Fire/ Formal Settlement	6	4	23	7	6	5	4	5	2	1	10	3	76
Vegetation Fires	16	33	57	18	1	0	9	5	5	12	8	65	229
Fire Detector Alarm	0	0	1	0	0	0	0	0	0	0		0	1
No Service/ False Alarm	12	0	0	21	17	17	14	16	4	6	8	0	115
Total	53	46	96	62	34	65	51	39	34	38	47	82	647

Emergency and disaster management attend to all categories of fire and disaster calls within the jurisdiction of Rustenburg LM. The total number of calls attended to, during July – June 2022/23 financial years are calculated at six hundred and forty-seven (672) as compared to five hundred and thirty-three (533) of 2021/22 financial year.

The statistics reveal that, a high number of calls were experienced during June, July, August, and September months of each financial year with a huge count of one hundred and ten (110) during July 2020, followed by ninety-six (96) of September 2022. The phenomenon and a pattern of high rate of call can be associated with increase in vegetation fires during winter season. The least of calls were experienced during the month of February of each financial year. High rate of vegetation fires necessitates a need to procure, additional grass units, mounted with specialised fire equipment.

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 Disaster Management and Fire Risk Management plans approved by the council were implemented during 2021 -2022 financial year.	The Disaster Risk Management and Fire Risk Management Plans were approved by Council 2016 and 2018 respectively.
2	Disaster Risk Assessment and Enabler 1	Community and schools' risk assessments were conducted to the schools and communities that were deemed to be at high risk. Dept of Education, Dept of Health, Dept of Public Works, Eskom, Fire Safety, Social Development and OEM – Special Projects Unit were part of the Risk Assessment Technical Advisory Team.	Twenty-nine (29) Community Based Risk Assessment were conducted within the jurisdiction of Rustenburg LM.
3.	Disaster risk Reduction, Enabler 1 and 2	Disaster risk reduction measures were implemented during the period under review. Public education and awareness sessions were conducted in various places of the Rustenburg municipal jurisdiction. All relevant stakeholders such as: SAPS, Fire Department, Work on Fire Community Development, Community Policing Forum, NGO's, Ward Committee members and community members attended the sessions.	Sixty-four (64) Awareness Campaigns were conducted.
4.	Response and Recover &	Local communities who experienced emergencies like floods and shack fires were also	Communities who were affected by the Disasters e.g., Fire, storms and floods were assisted and referred to the relevant

No	Key Performance Area	Details	Progress Made
	Enabler 1	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	stakeholders for further assistance. E.g., Home Affairs, SASSA and Traffic and Licensing.
5.	Safety at Sports and Recreational Events	Disaster Management Services monitor and measure performance and evaluate disaster management plans for prevention, mitigation and response activities at the events according to Section 47 (1) & (2) and 48 of Disaster Management Act (Act 57 of 2002).	The following types of events are catered for sports, music, festivals, political rallies etc

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

Table 3.33 Performance of Law Enforcement

OPERATION	ACHIEVEMENTS
Community safety awareness campaigns	Community Safety Forum was established in 2011 and is fully functional
Stop and register	Over 12 000 prosecutions for both traffic and law enforcement contraventions have been made
Fire Fighting Services	Decentralization of the firefighting service where fire stations were established at Marikana and Phatsima. Achieve golden hour response time.
By-laws, campaigns and projects	<p>Crime Prevention through Environmental Design / Safe and Clean City campaign:</p> <p>Multi-disciplinary Operations</p> <p>Execution of illegal trading in the CBD and Taxi Rank on daily basis:</p> <ul style="list-style-type: none"> • Enforcement of Impoundment By-Law • Execution on non-compliance on Fire by-laws • Regulation of point duties on R510 and R24 road on daily basis • Issuing of parking offences in the CBD • Removal of illegal advertisement on municipal land. • Rendering of security and escorts during mayoral outreach visits and VIP'S, International, National and Local events • Enforcement of illegal connection of water and electricity. • Enforcement of illegal dumping by-law

OPERATION	ACHIEVEMENTS
	<ul style="list-style-type: none"> • Mine Crime Combating Forum (MCCF) • Municipal Intervention Scheme and Patrols (MISAP) and Community Safety Patrollers Programme • Enforcement of Public Gathering’s Act <p>Inspectors of Licenses at motor vehicle dealerships</p> <p>Conflict Resolution Committee</p> <p>Land use by-law enforcement</p> <p>Establishment of Community Policing Forum</p> <p>Joint Crime Prevention/ Multi-disciplinary operations</p> <p>Serving in various Joint Operating Coordinating Committee, Cluster Joint Operating Coordinating Committee and Priority Committees for Special events.</p>
Valuation Services	<p>Valuation in this instance may take two forms i.e., Adhoc and Valuation in terms of the Municipal Property Act. The purpose for the former valuation is to determine the market value of the municipal property to be disposed of or leased.</p> <p>In this regard the Unit: Legal and Valuation assists Directorates in the facilitation of 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) of 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>

OPERATION	ACHIEVEMENTS
	IGR has been engaging with different stakeholders such as Taxi Associations, Business Forums, Government Departments, NGO's CBO's Church Organisations etc. to discuss roles and responsibilities of each stakeholder in order to achieve the mission.
Community Outreach	IGR has embarked on many community outreaches for Government departments to bring services closer to the people.

COMPONENT G: HEALTH

3.17 OCCUPATIONAL HEALTH AND SAFETY

In terms of the Occupational Health and Safety Act, 85 of 1993, employers are required to take all reasonable measures to ensure that the requirements of the Act are complied with. This includes provision of training, inspections and risk assessments to their employees to ensure their health and safety and those of visitors. Below are the services that were provided regarding occupational health and safety during the 2022/2023 financial year:

Table 3.38 Number of Services Provided

No	Service Provided	No: of Cases/Programmes
1.	Employee Wellness Management Program	Employee Assistance Interventions: 101 cases Employee Wellness Days (annualy): 4
2.	Number of employees who attended Wellness Information Sharing Sessions and Wellness Days.	Wellness Information Sharing Sessions:1483 Employees who attended Wellness days: 2311
3.	OHS inspections conducted	Inspections conducted: 88
4.	Risk Assessments conducted within directorates	Risk Assessments conducted: 6
5.	OHS Information Sharing Sessions	OHS Information Sharing Sessions: 8
6.	OHS Audits conducted within directorates	Audits conducted within directorates: 10

3.18 EXECUTIVE AND COUNCIL

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

INTRODUCTION TO EXECUTIVE AND COUNCIL

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

The municipal council of the Rustenburg Local Municipality is established as a municipality with a mayoral executive system which is combined with a ward participatory system in terms of Chapter 12 of the Municipal Structures Act, 117 of 1998. Section 152 of the Constitution categorically and clearly spells out the objectives

of local government, and the powers and functions of municipalities are determined in section 156 of the Constitution.

Table 3.38 Council Meetings

DETAIL	2022/2023	
	Ordinary Meetings	Special Meetings
Council	8	18

Council Committees

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

Table 3.39 Council Committees

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

3.19 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:

Organisational Development

Employee Relations

Training and Development

Table 3.42 Core Functions of Corporate Support Services

Section	Core Function
Section 1: Recruitment	<p>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.</p> <p>It is also responsible for the facilitation and coordination of the recruitment and placement processes, management of the HR information system as well as employee benefits administration.</p> <p>To develop and maintain organizational structures.</p> <p>Provide organizational development and work-study services for the entire municipality.</p>
Section 2: Employee Relations	<p>The section manages matters of disciplinary nature, disputes and grievances within the municipality. One of the key functional areas of the section is to facilitate or coordinate the speedy and amicable resolution of disputes or grievances and disciplinary matters.</p> <p>It is also responsible for collective bargaining, conflict management, and cordial interpersonal relations.</p>
Section 3: Training and Development	<p>The section provides the following employee capability management services:</p> <p>Identification of training needs;</p> <p>Development and implementation of the workplace skills plan; and</p> <p>The management of financial assistance programme for capacity building and training purposes/study aid assistance.</p>
Section	Core Function
Section 4: Occupational Health and Safety	<ul style="list-style-type: none"> •The section ensures the maintenance of a healthy and safe work environment. •It provides employee wellness services, such as employee assistance, medical surveillance, compensation for occupational injuries and diseases (COID) and wellness education (i.e., healthy lifestyle).

Section	Core Function
Section 5: Information Technology	<p>To provide reliable, secure, innovative, and cost-efficient ICT systems to RLM Directorates in support of business operations and service delivery programs and ensuring secured access to new technology, efficient storage of data, and a high level of cyber security and information controls.</p> <p><u>ICT Governance</u></p> <p>To define and set ICT standards, norms, and policies around all ICT operational domains of RLM to maintain best practice standards, implementation of policies, and maximize the utilization of ICTs to reduce duplication of effort and improve operational inefficiencies</p> <p><u>ICT Financial Systems Management</u></p> <p>To maintain and manage the data and information resources of the RLM to ensure reliable and up to date information is available for strategic management and operations. To manage the information systems of the municipality and ensure the reliability and integrity of information across all departments. To plan and execute the integration of all business systems and applications in the municipality to improve and increase the efficient use of systems in the municipality.</p> <p><u>ICT Infrastructure Management</u></p> <p>To manage all converged ICT Infrastructure and operations daily to ensure the availability of systems to support the RLM's services delivery objectives</p>

Section	Core Function
Section 6: Administrative Support Services	<p>To provide secretariat function to Council and its committees.</p> <p>To provide Administrative support to the Municipality through:</p> <p>Management of Municipal cell phones</p> <p>Development and management of the policy register</p>
Section 7: Records Management	<p>To ensure proper records keeping in compliance with Records Management Legislation.</p>

Employment Statistics:

A total number of **122** employees were appointed from 01/07/2022-30/06/2023 through the normal recruitment process.

Performance:

There were no performance bonuses paid as there were no Senior Managers who achieved the minimum performance score of 130%.

Leave days:

Annual leave total from 1/7/2022 – 30/06/2023: The leave register indicates that a total number of **34 197** working days were taken by municipal employees.

Annual Leave = **19 943**

Sick Leave = **6 262**

Maternity Leave = **1 284**

Study Leave = **907**

Family responsibility = **508**

Long Service = **4 777**

Special leave = **170**

Unpaid leave = **158**

Injury-on-duty = **188**

Table 3.43 Financial Performance

For the current financial year, the WSP tender advert was placed out on the 08 December 2023 for service providers to apply. The tender closes on the 02 February 2024. There has been no spending up to so far for the current financial year.

Support Service

Employee wellness services and educational programmes, such as Employee Assistance Programme and Occupational Health and Safety, etc. were provided to a total number of two thousand five hundred (**2500**) employees during the 2022/23 financial year.

The following support services were rendered to municipal employees:

Employee Assistance Interventions: **42** cases.

Occupational Health Services: 45 cases.

COIDA: **47** cases.

Wellness Educational Programmes: Chronic illnesses **20** sessions

Wellness Information Sharing Sessions: Financial Literacy **12 sessions.**

Employee Wellness Days: Attendance **2334**

Table 3.44 Statistical Information

No	Detail	Total Number
		2022/2023
1	Disciplinary cases: Handled	16
	Disciplinary cases: Finalized	12
	Disciplinary cases: Outstanding	04
2	Suspensions	10
3	Dismissals	5
4	Grievances: Handled	28
	Grievances: Finalized	15
	Grievances: Outstanding	13

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
Official 1	Contravention of Disciplinary Code of Conduct	15/03/2023	The employee was suspended from work on the 15 March 2023. The hearing proceeded on different dates and finalized on the 12/11/2023. The employees are issued with a final written warning and are directed to reimburse the undue benefits in excess of what they were due. Therefore, the matter is finalized.	12/11/2023
Official 2	Contravention of Disciplinary Code of Conduct	15/03/2023	The employee was suspended from work on the 15 March 2023. The hearing proceeded on different dates and finalized on the 12/11/2023. The employee was issued with a final written warning and was directed to reimburse the undue benefits in excess of what they were due. Therefore, the matter is finalized.	12/11/2023
Official 3	Sexual Harassment	15/03/2023-12/10/2023	The employee was suspended on the 15 March 2023 and the hearing proceeded on several dates and finalized on the 04/09/2023. The employee is acquitted of all charges.	04/09/2023

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
			Therefore, the matter is finalized.	
Official 4	Lost of firearm	15/03/2023-12/10/2023	The employee was suspended on the 15 March 2023 and the hearing proceeded on different dates and finalized on the 30/06/2023. The employee was sanctioned to suspension without pay for a period of days.	30/06/2023
Official 5	Covering of lost firearm	15/03/2023-12/10/2023	The employee was suspended on the 15 March 2023 and the hearing proceeded on different dates and finalized on the 30/06/2023. The employee is sanctioned to suspension without pay for a period of days.	07/07/2023
Official 6	Soliciting bribe	11/04/2023-14/07/2023 & 31/08/2023-12/10/2023	The employee was suspended from the workplace on the 11/04/2023. The employee reported back on duty on the 14/07/2023 after the award against the municipality that the employee should report on duty with immediate effect. The disciplinary hearing is still pending. The employee is re-suspended on the 31/08/2023.	The matter is still pending.
Official 7	Portrayal of rude, abusive and provocative conduct by uttering unwanted and unwelcomed words against fellow employee	12/01/2023-05/10/2023	The employee suspended on the 12/01/2023 and extended further for three months. The disciplinary hearing proceeded on several dates and concluded on the 05/10/2023 and sanctioned with final written warning.	05/10/2023
Official 8	No charges formulated	12/01/2023-date	The employee suspended on the 12/01/2023 and extended further for three months. The disciplinary hearing is still pending and not finalized.	The disciplinary hearing hasn't commenced since the employee was placed on suspension.

COMMENTS ON THE OVERALL PERFORMANCE OF HUMAN RESOURCES

For the previous financial year, the Council managed to appoint **122** new employees.

3.20 INTERNAL AUDIT UNIT

The purpose of the Internal Audit Activity (IAA) is to provide an independent, objective assurance and consulting services designed to add value and improve the municipality's operations. The IAA performs internal audit reviews to evaluate the adequacy and effectiveness of the controls put in place by management, based on the strategic operational plan that is risk-based and approved by the Performance Audit Committee (PAC), as well as internal audit reviews of the results of performance measures of the municipality.

The unit also advises and performs ad-hoc assignments from the Municipal Council, PAC and/or Management. The internal audit activity of the municipality renders the following services: Prepare a risk-based audit plan and an internal audit program for each financial year.

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

- (i) internal auditing;
- (ii) internal controls;
- (iii) accounting procedures and practices;
- (iv) risk & risk management;
- (v) performance management;
- (vi) loss control; and compliance with this Act, the Annual Division of Revenue Act and any other applicable legislation; and

The following services due to its nature are outsourced:

Forensic and investigations

Information System Auditing

The scope of work of the IAA is to determine whether the municipality's network of risk management, general controls, 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.

Internal Audit Activity (IAA) conducted thirty-two (32) internal audits including advisories and consulting role for Rustenburg Local Municipality (RLM). Eight (8) internal audits were conducted for the Rustenburg Water Services Trust (RWST) during the year under review (2022/23). This was in accordance with the approved Annual Operational Plan for the year 2022/2023 as per the Three (3) Year Rolling Strategic Operational 2021-2024.

Table 3.41 Planned Internal Audits

RUSTENBURG LOCAL MUNICIPALITY

No:	Audit description:	Type of audit:
1	Audit of performance information (Directorate SDBIP) 2021/22 - 4 th Quarter and Annual	Assurance
2	Audit of performance information (Municipal SDBIP) 2021/22 - Quarter 4 and Annual	Assurance
3	Audit of performance information (Directorate SDBIP) 2022/23 (Quarter 1, Quarter 2, Mid-year, Quarter 3)	Assurance
4	Audit of Performance Information - Municipal SDBIP (2022/23 (Quarter 1, Quarter 2, Mid-year, Quarter 3)	Assurance
5	Annual Financial Statement 2021/22 High Level Review	Assurance
6	Annual Stock Count 2021/2022	Assurance
7	Annual Performance Report 2021/22 Review	Assurance
8	Building control plans and regulations (Cellphone Masters and Demolitions)	Assurance
9	Employee verification	Assurance
10	Combined Assurance Internal Audit assistance to Auditor General South Africa (AGSA): <ul style="list-style-type: none"> a) Property, Plant & equipment verification <ul style="list-style-type: none"> (i) Movable assets (ii) Land and buildings (iii) Investment Properties (iv) Work in Progress (v) Infrastructure Assets b) Employee verification c) Councilors' verification 	Direct assistance
11	Advisories <ul style="list-style-type: none"> (a) Auditor General South Africa (AGSA) - Material Irregularities (b) Disciplinary Board (Council resolution implementation) (c) Supply Chain Management – Controls manual (d) Municipal Code of Conduct - Staff (e) Municipal Staff Regulations, Minimum Competencies Regulation. (f) Public Officer Bearers (compliance with Staff Regulations) (g) Inventory Management 	Advisory
12	Supply Chain Management Process Review - finalised (final reports issued): <ul style="list-style-type: none"> (a) RLM/DPHS/0004/2022/23 (b) RLM/BTO/34/2022/23 (c) RLM/DCD/0041/2021/22 	Assurance

No:	Audit description:	Type of audit:
	Bid documents were taken back by the Accounting Officer prior to finalisation of reports. Planning and execution of audits was conducted (no reports finalised and / or issued): (a) RLM/DTIS/0065/2021/22 (b) RLM/DTIS/0013/2021/22 (c) RLM/DTIS/0008/2021/22 (d) RLM/DCD/0041/2021/22	
13	Deviations: (a) Annual fitness test-Lifeguards (b) Rustenburg Expo (Exhibition & Trade fair) (c) Security services deviations (d) Supply of yellow fleet and heavy-duty vehicles (e) Appointment of a service provider for the repairs of a pipe at Golf Course sewer line (f) Vetting of Rustenburg Water Services Trustees (g) Appointment of a service provider to assist the with the damaged sewer pipe spillage	Assurance
14	Public Safety Allowances (a) Law Enforcement (b) Security Management (c) Licensing and Testing (d) Emergency and Disaster Management	Assurance
15	Revenue from metered services (Debt Collection)	Assurance
16	Revenue audit (Credit control)	Assurance
17	Appointments audit (Recruitment) – 1 July 2022 to 31 January 2023	Assurance
18	Acting Appointments and Acting Allowance Policy – February & March 2023	Assurance
19	Leave Reports (Terminations/ Resignations/ Dismissals) - Monthly	Assurance
20	Salary increases verification (2023/24 – South African Local Government Bargaining Council)	Assurance
21	Implementation of the Web-Based Post Audit Action Plan (PAAP)	Assurance
22	Financial Management Capability Maturity Model	Assurance
23	Budget related policies (9 Policies) (a) Commitment(s) Policy (b) Expenditure Management Policy (c) Insurance claims and loss control committee (d) Insurance Policy (e) Rewards, Gifts and Favour Policy (f) Travelling & Subsistence Allowance (g) Contract Management Policy (h) Petty Cash Policy (i) Cost Containment Policy	Consulting / Value-Add

RUSTENBURG WATER SERVICES TRUST

NO:	Audit description:	Type of audit:
1	Annual Financial Statement 2021/22 High Level Review	Assurance
2	Annual Performance Report 2021/22 Review	Assurance

NO:	Audit description:	Type of audit:
3	Audit of performance information 2022/23 (Quarter 1, Quarter 2, Quarter 3)	Assurance
4	Quarterly Financial Statements Review 2022/23 (Quarter 1, Quarter 2, Quarter 3)	Assurance

COMPONENT F: LOCAL ECONOMIC DEVELOPMENT

3.21 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.

Investment Promotions: Catalytic Projects Programme

The Municipality continues to promote and facilitate catalytic projects aimed at supporting the development and diversification of the local economy. During the reporting period, the Directorate Local Economic Development received numerous enquiries on various catalytic projects namely the Rustenburg ICC and Hotel, University Development, Fresh Produce, Housing development (Boitekong Ext. 35 and Geelhoutpark Extension 10), aerodrome, Solar farm project and the Industrial Area development (SEZ). The Municipality prioritized the Fresh Produce Market Development as a key catalytic project that will enable diversification of the economy in the agricultural sector, the Fresh Produce is being implemented by the Municipality, Anglo Mine, the Impact Catalyst and the Freshling. The Fresh produce will be completed and launched in the next financial year. By the end of the financial year, the municipality had already received and accepted the donation of land from Sibanye Stillwater mine for which feasibility studies will be conducted to enable the envisaged industrial development. The Municipal Council has resolved to transfer the land to the Northwest Development Corporation (NWDC) for the development of the Bonjala Rustenburg Special Economic Zone (SEZ).

To further enable the Industrial Development, the Directorate hosted the Inaugural Rustenburg Trade and Investment round table in August 2023 following the participation in the Manufacturing Indaba 2023. These initiatives attracted interest from various industries which has given the Municipality an indication of interest

from potential investors, this will assist the Municipality to develop an investment pipeline to be facilitated going forward to develop the Rustenburg economy.

In terms of core local economic development functions, there are four (4) Units within the directorate that are tasked with implementation of the local economic development diversification strategy, focusing on Enterprise Development; Policy and Research; Industrial Development & Investment Facilitation and Rural Development. The four units work in collaboration to provide cohesive project implementation for the Directorate with support from other Directorates.

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 in all business sectors. 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 job opportunities for general workers appointed through the different Infrastructure Projects which include general construction work and EPWP job opportunities, cleaning Municipal facilities, sidewalks, grass cutting and pruning of trees. A great number of jobs in the economy have been created SMMEs which are currently incubated in the enterprise development programme in partnership with Lepharo incubators. The private sector fiber infrastructure rollout programme has created work opportunities during construction; other job opportunities have been created by tourism promotion and events that have been hosted in collaboration with RLM and different sector stakeholders.

Under Business Development Support, 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 sub-contracting allocation to develop local emerging contractors through procurement opportunities for local SMMEs. The Municipality has recruited learner contractors for development in partnership with the Department of Public Works and Infrastructure. The Unit continues to assist SMMEs with compliance readiness to access

opportunities, the support provided include facilitation of SARS appointments, CSD registration, CIDB registration, bank account referrals and the registrations of companies and co-operatives.

The unit continues to ensure that it supports the informal sector with various business interventions which include training and development; business equipment purchasing and even ensuring that they operate in an environment that is conducive. During the financial year the Informal Trading sector has enjoyed support from the private sector; ABSA trained the traders and also awarded them with financial business grants to support their businesses; Coca-cola Beverages South Africa (CCBSA) collaborated with the Municipality to deliver training to traders in the food and beverage sector with training and to also renovate (tiling, painting, equipment and signage) the business trading stalls.

The the Enterprise Development programme, local enterprises have also been offered other business support services which includes compliance registration, business advisory, capacity building and networking platforms. The interventions for the Co-operatives, SMMEs and informal traders were in collaboration with multiple stakeholders including South African Revenue Services (SARS); Small Enterprise Development Agency (SEDA); Construction Industry Development Board (CIDB); ABSA; Northwest Development Corporation (NWDC) ; SALGA, National Home Builders Registration Council (NHRBC), Department of Small Business Development, MTN, Standard Bank South Africa, CCBSA, Platinum Incubator, Nation Youth Development Agency (NYDA), Lepharo, Department of Public Works and Infrastructure, Sibanye Stillwater, Impala, Dr Rakhudu Foundation, Plenty Dopers, Department of Agriculture, Land Reform and Rural Development and DEDECT 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 partnered with Lepharo Incubator to help to develop and support sustainable enterprises across key sectors. The objective of the Lepharo incubation programme is to ensure that emerging and existing small business entrepreneurs in the engineering, manufacturing, industrial development, green economy and agriculture, agro-processing sectors survive the start-up period and grow into confident, successful business who are well grounded financially and secure in their knowledge of how to manage a productive business. The investment for the development of SMMEs is done to ensure they grow and create sustainable work opportunities for the Rustenburg Economy.

The Municipality successfully hosted the annual #Y4R (Youth For Rustenburg) programme with a series of events mainly focusing on #Y4R Business Pitching, #Y4R Agriculture, #Y4R Skills and Career Development, #Y4R

Market for Arts & Craft sector and the Mayoral Sports challenge. The #Y4R in Business Pitching was supported by the following stakeholders: MTN, CCBSA, NYDA, SEDA, SEFA, ABSA, Lepharo, Standard Bank and Platinum Incubators MTN, CCBSA, Standard Bank, ABSA and the Municipality are among stakeholders that collaboratively raised over R800 000 to support SMMEs with access to working equipment and marketing materials.

Unit: Rural Development

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, and promotion of Arts, Culture and Heritage.

These focus areas have been supported through the following projects:

Agriculture Development Support Programme

The first season of the Agricultural Development Support Programme that was approved by Council in 2018/2019 financial year was a clear demonstration of the principles of cooperative governance where a consolidation of support available through the Municipality's own resources, including those by other Government Departments and Private Sector stakeholders in agriculture, ensured implementation of agricultural support initiatives in Rustenburg.

The following projects were identified as flagships to support local farmers in developing the agricultural sector:

Sunflower Production

A total of **1150 hectares** was cultivated in the following areas: **Nana 395 ha; Maumong 374 ha; Molote and Mathopestad 381 ha** respectively, with a total tonnage of 229 783 harvested. In addition to the technical skill transfer to ensure precision farming, the following production inputs and assistance were provided support:

- Diesel (Fuel)
- Seeds (Agricol 5106 CLP)
- Fertilizer (Omnia 15.8.4)
- Euro Lightning (Herbicide)
- Ripping
- Disking
- Vibroflex cultivation and weeding
- Planting
- Spraying (Application of Chemicals)
- Harvesting

The second season of support proceeded and was implemented through the support and partnership with various stakeholders, such as the Department of Agriculture, Land Reform and Rural Development (DALRRD) who provided production inputs and training which RLM provided through the incubation programme delivered by Lepharo.

Distribution list for production inputs:

The DLARRD supported Rustenburg (Kanana, Mathopestad, Molotecity and Muaming) farmers in the programme with Gypsum, seeds and diesel.

Through the Municipality' incubation programme, the efforts to ensure commercialisation of farmers was support through a transfer of sound business practices and principles through various training interventions such as, Quality Assurance, HSE and Labour compliance, Business Marketing, Financial Management, Bookkeeping etc. Furthermore, farmers were supported with marketing materials such as Marketing in a Box packs which includes: x500 Business cards, x2 Banners and x2 Branded Shirts and Brochures. Other farmers who were ready, websites were created for their businesses. A video clip showcasing one of the beneficiaries of the programme and the success achieved through his participation in the programme and been developed and publicized widely.

Farmer Production Support Unit (FPSU)

The Rustenburg Local Municipality Council approved the establishment of the Rustenburg Farmers Production Support Unit at the Rustenburg show grounds. The Department of Rural development through the Agri-Parks programme is the driver of the FPSU and funding is sourced from various stakeholders within government and the private sector. The FPSU seeks to resuscitate the agricultural activities and create a One stop shop for farmers. The farming community has been able to benefit from the FPSU in many ways through attending agricultural events such as monthly Farmers Market days, livestock shows, trainings, and study groups and information sessions on different aspects of farming. The FPSU has been operational on a limited scale since September 2022 after upgrading parts of the small livestock section. A Farmers Market has been held every month since September 2022. In excess of 30 stalls with various local products have been booked monthly including e.g., fresh vegetables local baristas, local craft beer, eggs etc etc. Kids have been entertained in the play area and with local sweet and toy manufacturers. Jumping Castle, Face painting and Pony rides are very popular.

A Farmers EXPO Day, the first of its kind, was also held and was deemed very successful as was well attended by the farming community and the community at large.

Renovations of the FPSU are underway, as Phase 1 of the renovations has been successfully completed and preparations for Phase 2 are in process and should be completed through the support of other stakeholders by the end of this financial year.

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
- Resuscitation of relationships with the Tourism facilities owners and tourist tour operators
- Rebuilding the crafters database to enable ease of access to support offered by the Municipality and key stakeholders
- Promoting Rustenburg as a host city for different types of events and programmes for both government and private sector

To this end, consultative meetings have been held with the various players in the tourism space and, including the Rustenburg Adventure Tourism and Accommodation association and Tour operators' association. These engagements have been very instrumental in ensuring that Rustenburg becomes a tourist destination of choice. Through various partnerships and collaborations, the following events were supported by the RLM in 2022/23 financial year: Below is a list of events supported by the directorate through the unity Rural Development in 2021/22 financial year.

Rustenburg Film Festival-October 2022

Rustenburg Film Festival is an annual film festival implemented by Rustenburg Film Festival (NPC), a registered Non-Profit Company which has entered into a partnership with the Municipality to promote and develop the film and create the arts sector.

- The main objective of the organization is to run the Rustenburg Film Festival and other film related events close to its mandate.
- Develop and promote filmmakers in North West through practical interventions
- Audience development through evoking appetite for local movies
- Foster networks amongst key stakeholders in film
- Promote Northwest as a film destination (film tourism)

LGBTQI+ Pride Festival November 2022

LGBTQI (lesbian, gay, bisexual, transgender, intersex, queer/questioning, asexual). Pride is about embracing diversity, celebrating true liberation and acknowledging the rights and lives of the concerned community. It's about freely expressing your true self, educating and empowering society at large. The RLM supported this event held at the Rustenburg Visitors Information Centre, the event was deemed a huge success as it had increased in the numbers of patrons, exhibitors, crafters, speakers, DJs, local artists etc. its motorcade was well coordinated with colour, music and dancing, the city was abuzz with entertainment.

Rustenburg Unplugged Sessions-April 2023

Rustenburg Unplugged Session was held at a theme park, Ten Flags, located in Rustenburg. It was sold out and filled to capacity. A resounding success it was for national and local artists, crafters, exhibitors and patrons as they all got exposure, networked with likeminded people and fully enjoyed the entertainment and the environment. The crafters whom the RLM had supported at this event also reported that they derived great value from their participation as business was good.

Market Wa Pitori-Rustenburg Edition- April 2023

This event is dedicated to showcasing local talent and uplifting the creative arts and supporting local businesses. The event was its first edition in Rustenburg and was very well attended; due to the event's popularity, the municipality has been receiving calls to have the event on our calendar annually. The event organisers and Municipality have agreed to host this event 3 times a year (April, September and December). Not only did our local hospitality facilities, petrol stations, retailers etc. benefit from this event but most significantly our SMMEs, as the investment into the event went directly into event infrastructure, décor, supplies such as toilets, catering, security etc. The economic benefits associated with this event are undoubtedly enormous.

Youth For Rustenburg- Crafters Market Day June 2023

Youth for Rustenburg, termed #Y4R program was conceptualized and inaugurated in 2018 by the Rustenburg Local Municipality through Directorate: Local Economic Development.

The motivation for the #Y4R is to mainly celebrate the youth of Rustenburg who are entrepreneurs, involved in businesses, who are in sports and to motivate school going children to have entrepreneurial spirit. This program also provides the youth of Rustenburg with a platform to engage with major stakeholders in various sectors of economy.

A #Y4R Crafters market day was held as part of the programme. This event registered a huge improvement from the previous year's events. It attracted a lot more attendees and crafters alike. The event showcased local DJs, comedians, local musicians etc.

Farmers Market Days -September 2022 to June 2023

In promoting Agri Tourism, the RLM, through its partnership with Plenty Dorpers, has been hosting Farmers Market Days on a monthly basis since September 2022 to date. In excess of 30 stalls with various local products have been booked monthly including e.g., fresh vegetables local baristas, local craft beer, eggs etc etc. Kids have been entertained with kids play area and local sweet and toy manufacturers, Jumping Castle, Face painting and Pony rides are very popular.

Unit: Policy and Research

The unit is responsible for two overall functions, i.e., the implementation of legislation and development of strategies, research concepts, economic sector programmes and initiatives.

Development, implementation and monitoring of policies, by-laws and other regulations

National and provincial government craft legislation that regulates governance, financial and economic related activities of the Republic. In response, local government must develop policies, programmes and strategies in alignment with these acts. The function of the unit is to ensure that these pieces of legislation are implemented and in turn must develop municipal economic related policies, by-laws, strategies and programmes that align with these government priorities, to ensure seamless implementation and monitoring.

Policies, By-Laws and other regulations

Formulation of economic related municipal policies and by-laws

Investment attraction, retention and expansion of local businesses to diversify the local economy and enhance job creation is a challenge that requires policy interventions at the municipal level. Therefore, the unit developed the following:

- RLM Investment Incentives Policy of 2018
- RLM Outdoor Advertising By-Law, No. 1 of 2019
- Informal Trading By-Law of 2022

As indicated above, the unit is responsible for the implementation of the above municipal policies, by-laws and regulations including national and provincial Acts that affect the Directorate. In this instance, the North West Business Licensing Act, No.3 of 2019 directly impacts on the operations of the Municipality by repealing the status of the Municipality as a business licensing authority. Authority to issue business licenses was based on the NW Business Act, No. 6 of 1997 and accorded by the NW Provincial Gazette No. 6581 of 2009.

Implementation and monitoring of economic related policies

However, before the repeal of the latter Act, the Accounting Officer had established the Business Regulations Committee (BRC) in terms of section 55(1)(p) of the Municipal Systems Act, No. 32 of 2000; comprising of members from various Municipal units and a representative from the Bojanala Platinum District Municipality in 2018, as policy implementation and good governance demanded collaboration and full participation of each member to enhance successful outcomes.

The Accounting Officer delegated Director: Local Economic Development to chair the BRC on his behalf to ensure that the affected Municipal (RLM Outdoor Advertising By-Law), provincial (NW Business Licensing Act) and any other national legislation are implemented and monitored effectively. In the BRC, each participating unit ensures that its functions, regulations and by-laws operate in sync with the objectives of respective regulations, provides advice on each application and contributes to the drafting of recommendations for approval by the Accounting Officer. Each component of affected regulations is considered and applied to ensure that there is governance, good record-keeping and accountability.

Research, strategies, programmes and initiatives

Mining and quarrying dominate the economic activities in the municipality. It is a recurring challenge for the Municipality because any event in the sector directly affects the Municipality. To mitigate this risk, the Municipality mandated the Directorate to develop interventions to diversify the local economy and enhance job creation. Supporting the municipal strategic goal of economic diversification and job creation requires careful analysis of the existing economic sectors like Manufacturing, Agriculture, Tourism and related services. The unit was tasked with the responsibility of analysing these existing sectors to find ways of incorporating new perspectives and trends in the economic environment to augment the economic output. In response, the unit proposed through research concepts to investigate additional potential/new economic sectors to assist the local enterprises and job seekers to participate in the economy.

New programmes for local economic diversification and job creation included the Green Economy Development and the enhancement of the Education and Skills Development. The Green Economy Development Programme aims to develop sustainable and commercial enterprises that use engineering processes to generate energy from renewable sources and/or various waste products as inputs into manufacturing new consumer products. The role of the Directorate will be to stimulate government and private stakeholders to support Green Economy projects in Rustenburg. The programme requires specific collaboration with the Directorate: Community Development to ensure that entrepreneurs access Municipal and other industry/corporates waste products. Directorates: Planning and Human Settlements, Technical and Infrastructure Services, Budget and Treasury Office shall be approached for technical support and advice when

needed. The Directorate has established a Green Economy Development Technical Committee in collaboration with Directorate: Community Development, to receive, analyse the size/scope/feasibility of proposals and prioritise project proposals prior to implementation or submission to the Catalytic Projects Fast Tracking Committee.

The Green Economy Development Programme aims to develop sustainable and commercial enterprises that use engineering processes to generate energy from renewable sources and/or various waste products as inputs into manufacturing new consumer products. Council approved the concept as item 127 of 29 May 2018. An information brochure was developed to inform and attract interested registered enterprises to participate in the programme. The role of the Directorate will be to stimulate government and private stakeholders to support Green Economy projects in Rustenburg. The programme requires specific collaboration with the Directorate: Community Development to ensure that entrepreneurs access municipal and other industry/corporates waste products. Directorates: Planning and Human Settlements, Technical and Infrastructure Services, Budget and Treasury Office shall be approached for technical support and advice when needed. The Directorate has established a Green Economy Development Technical Committee in collaboration with Directorate: Community Development, to receive, analyse the size/scope/feasibility of proposals and prioritise project proposals prior to implementation or submission to the Catalytic Projects Fast Tracking Committee.

The DLED considers education and skills commodities as people need these to access opportunities in the economy. As a result, the directorate aims to facilitate the establishment of new academic, vocational, and technical educational facilities to provide accessible and affordable services for the local stakeholders including businesses as many of the opportunities for local enterprises and job seekers rely on the availability of relevant skills. Facilities identified are the establishment of the University of Technology, additional vocational schools to offer practical skills that can be converted into sustainable income generating activities like innovative and value-adding into agricultural, mining, artefacts, waste, and other products to create manufactured products to provide services to local mines, businesses, and consumers. Agro-processing, engineering, manufacturing, and other additional value-adding activities are enablers of SMME growth and sustainable job creation in the local economy. Emerging local enterprises were identified and assisted with the drafting of business profiles. These enterprises participated in virtual workshops on the Black Industrialists Programme. The Unit further invited officials from the Industrial Financing; and the Innovation and Technology branches, to provide one-on-one consultations with the six identified enterprises on how to access funding for manufacturing and innovation enterprises. Three of the SMMEs are currently enrolled in the Lepharo Incubator.

The DLED considers education and skills commodities as people need these to access opportunities in the economy. As a result, the directorate aims to facilitate the establishment of new academic, vocational, and technical educational facilities to provide accessible and affordable services for the local stakeholders including businesses as many of the opportunities for local enterprises and job seekers rely on the availability of relevant skills. Facilities identified are the establishment of the University of Technology, additional vocational schools to offer practical skills that can be converted into sustainable income generating activities like innovative and value-adding into agricultural, mining, artefacts, waste, and other products to create manufactured products to provide services to local mines, businesses, and consumers. Agro-processing, engineering, manufacturing, and other additional value-adding activities are enablers of SMME growth and sustainable job creation in the local economy.

The monitoring component of the unit requires collection of SMME and job creation activities from LED programmes and initiatives. Monitoring and research interventions rely on the collaboration within the units of the DLED and cooperation received from other municipal directorates. Each project implemented within the directorate must keep records of the enterprises involved and the job opportunities created through that event using the tool created by the unit. That information is analysed and reported on to ensure that the interventions of the directorate are effective and developments in each economic sector are measured progressively over periods.

3.22 LEGAL AND VALUATION UNIT

INTRODUCTION

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

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

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

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

Litigation and case Management.

Legal advisory services.

Labour Law.

Compilation of By-law and Policies for Enforcement;

Drafting of service level agreements or Agreement; and

Valuation services.

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

Compliance	<p>The Council has approved the review of the Manual on Promotion of Access to Information (PAIA). Prior to the approval by the Council, Municipal Manager and Directors were taken on board during MANCO about the application of this legislation and as 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.</p> <p>The Delegation of Powers Framework as required by legislation is in place.</p> <p>The Unit is providing directorates with assistance in reviewing existing By-laws and Policies as well as new By-laws including the promulgation.</p>								
Contract Management	<p>Legal Unit provides support and advice regarding the drafting, negotiation and settling of service level agreements as required by MFMA.</p> <p>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.</p>								
Litigation	<p>The Unit: Legal and Valuation is responsible for instituting litigation on behalf of the municipality as well as defending claims or actions taken against the municipality. These 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 the 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.</p> <p>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.</p> <p>In the domain of Housing, the Unit represents the municipality in the Housing Tribunal especially where there are disputes between the lessor and the lessee.</p> <p>Externally the Municipality has appointed a Panel of Attorneys to represent the Municipality in litigation matters. During the period under review the Unit: Legal dealt with a total number of 108 cases. The cases are as follow:</p> <table border="1" data-bbox="379 1850 1291 2020"> <thead> <tr> <th data-bbox="379 1850 560 1888">Litigation</th> <th data-bbox="560 1850 823 1888">2020/2021</th> <th data-bbox="823 1850 1058 1888">2021/2022</th> <th data-bbox="1058 1850 1291 1888">2022/2023</th> </tr> </thead> <tbody> <tr> <td data-bbox="379 1888 560 2020">Cases instituted against Municipality</td> <td data-bbox="560 1888 823 2020">94</td> <td data-bbox="823 1888 1058 2020">88</td> <td data-bbox="1058 1888 1291 2020">76</td> </tr> </tbody> </table>	Litigation	2020/2021	2021/2022	2022/2023	Cases instituted against Municipality	94	88	76
Litigation	2020/2021	2021/2022	2022/2023						
Cases instituted against Municipality	94	88	76						

3.23 SPECIAL PROJECTS

Table 3.48 Achievements for the financial year under review (Information for 2022/2023 be provided)

DESK	DATE	ITEM	ACTIVITY
CAREER GUIDANCE	10/02/2022	In schools there is a high rate of absenteeism because a girl child from disadvantaged families do not have sanitary towels to keep them in school.	Special Project office donated sanitary towels to bothibello and Modikwe Primary school to assist these learners to obtain their dignity in schools.
CHILDREN	04/03/22	Athletics	Special Project in Partnership with Department of Sports, Culture, Arts and Recreation hosted annual athletics for Early Childhood Development centres (ECDs) around Rustenburg Jurisdiction The main aim of athletics was to promote awareness needs of children including children with special needs. Rustenburg Children interim forum assists with arrangement of athletics, more than 41 Early Childhood Development (ECD) registered and 30 ECD's participated. Department of Sports, Culture, Arts and Recreation assisting with the running of athletics.
	12/11/2022	the Office had a meeting with Khulisa and other stakeholders. Research was done in the community of Biotekong at a grassroots level to identify issues faced by communities that could be addressed to make their lives more fulfilling	Programs of Gardening are established at Mfidikoe, Phokeng and Tlhabane.
	15/11/2022	the office was invited to a plenary meeting at Tlhabane Police Station. The Stakeholders that were present are SAPS, Tlhabane Neighbourhood Watch, Department of Social Development, Office of the	The initiation of the Service Delivery Blitz is of the outmost important as it brings Services nearer to the People.

DESK	DATE	ITEM	ACTIVITY
		Premier and Department of Sports, Arts and Culture. The purpose of the Service Delivery Blitz was to render Service to The Community of Tlhabane, revive Social Cohesion and Moral regeneration on the 22/11/2022	
	18/04/22	Donation	Special Project Office in partnership with Dikanono Outdoor Adventures donated clothes to Molefe's family in Lefaragatlha and Ikageng Disability Centre in Boitekong. The aim Dikanono indicated that they will bring blankets and clothes for other families
	25-26/05/22	Children's Council	Special Project in partnership with Department of Education hosted Children's Council Debate at Rustenburg Civic Centre (Council Chamber) with 54 high schools in Rustenburg this is an annual event. Children's debate is a platform of young people from 13 to 18 years of age, and it represent schools from rural and urban areas around Rustenburg jurisdiction. Through this platform they identify, discuss, and raise their collective concern and challenges regarding the issue pertaining to social ills. The following topics were discussed at Children Council debate: <ol style="list-style-type: none"> 1. Does the traditional classroom address contemporary society needs. 2. It is ethically to have abortion in early stage of pregnancy. 3. Organic farming role in agriculture's future will improve the economy in South Africa 4. Democracy as form of government in South Africa is leading the country to the third world (developing countries)

DESK	DATE	ITEM	ACTIVITY
			5. Recent developments in technology transform the interest of the people.
	03/06/22	Child Protection Week	Special Projects Unit in partnership with Rustenburg Rapid Transport held a Child Protection Week at Tlhotlheletsang Primary School in Kanana. The aim of child protection week was to ensure that the rights of children are protected against child-oriented crimes such as child abuse, child labour, sex molestation, kidnapping, corporal punishment and child neglect. The right of children are protected in the Bill of Rights enshrined in Constitution of the Republic of SA.
	10/06/22	Children's Music Competition	Special Projects Unit in partnership with Early Childhood Development around Rustenburg held a Children Music Competition at Old Town Hall. The objective was to cultivate the culture of love for music and nurture singing talent from an early age among children.
	15/02/22	Older Persons Forum- the forum represents older persons in Rustenburg with all initiatives intended for older persons in Rustenburg.	Special projects in partnership with Office of the Premier- Office on the Rights of Older Persons held a workshop for older persons forum members at Sparkling Waters.
	18/02/22	Fun Walk, Aerobics, and Games- to encourage older persons to participate in activities involving health awareness through trainings, sports and healthy eating.	Special projects hosted a fun walk, aerobics and games for older persons at Olympia Park Stadium. The purpose was to encourage a healthy lifestyle. Stakeholders involved were RLM Sports Unit; RRT; Department Social Development; Department of Health; Prorec; Department of Arts, Culture, Sports and Recreation.
	16/06/22	Centenary Celebration- to celebrate the lives of senior citizens who have reached a remarkable age where few	Special Project celebrated a 115 birthday for an elderly at Modikoe village.

DESK	DATE	ITEM	ACTIVITY
		people are able to reach the age of 100 years	
	27/04/22	Autism Month- autism is a developmental disorder with symptoms that appear in the first three years of life. To celebrate autism and bring awareness to parents with children with autism that they need to understand that autism exists and children can live with it.	Special projects in partnership with Puo Phaa Mosadi and Office of the Presidency: Women, Children and People with disabilities celebrated autism month at Phokeng. The purpose was to make an awareness about children with autism.
	10/05/22	House (RDP) Opening- to enhance community development in Rustenburg and bring change for people with disabilities	Special projects in partnership with RLM Housing Unit handed over a house (RDP) to a person with disability at Maumong.
	13/06/22	Economic Development Workshop- to empower and encourage people with disabilities to participate and engage in the economic sector. People with disabilities are also entitled to get opportunities in the economic sector.	Special Projects Unit hosted an Economic Empowerment Workshop at Old Town Hall. Stakeholders such as DEDECT, DSD and SARS were invited to do their presentations on opportunities for people with disabilities in the economic sector.
	14/01/2022	Youth Outreach - The purpose of the event was to raise awareness about the health issues affecting the young people in the LGBTQI+ community	Outreach Awareness on health issues affecting LGBTQI+
	22/01/2022	Healthy lifestyle - the purpose of the event was to encourage young people to take part in physical fitness program in order to address the diseases caused by lack of exercising	Healthy lifestyle awareness in collaboration with AIM NGO Paardekraal Community Hall (Ext 23)
	03/03/2022	Information Sharing session – the purpose of the event was to share information about the services and opportunities available to young people	Information Sharing Session about the opportunity available for young people at Mmamerotse community Hall

3.24 ORGANISATIONAL STRATEGY & PLANNING

INTRODUCTION

The Strategy and Planning Unit is responsible for the following key performance areas:
Integrated Development Planning; and
Organisational Performance Management

Integrated Development Planning

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

Organisational Performance Management

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

3.25 ANNUAL PERFORMANCE REPORT (SECTION 46 REPORT: 2022/2023)

3.25.1 Introduction

The Annual Performance Report is hereby submitted to the Rustenburg Municipal Council in terms of the Municipal Systems Act (MSA), 32 of 2000, section 46(1) and (2), as well as the MFMA Circular 63 on annual reporting. This report covers the performance information from 01 July 2022 to 30 June 2023 and focuses on the implementation of the Service Delivery Budget and Implementation Plan (SDBIP) as amended in conjunction with the Budget Adjustment during January 2023, in relation to the objectives as summarized in the Municipality's Integrated Development and Plan (IDP).

This Report reflects the actual performance of the Municipality as measured against the performance indicators and targets in its 2022/2023 Integrated Development Plan (IDP), Annual Budget and Service Delivery and Budget Implementation Plan (SDBIP).

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

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

3.25.2. LEGISLATIVE REQUIREMENTS

The 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.

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 2022/2023 financial year, there were 46 KPIs in the SDBIP. During the adjustment period, the number of KPI's remained the same.

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.

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.

COMPARATIVE ANALYSIS OF THE 2021/2022 AND 2022/2023 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:

Key Performance Areas (KPA's)	Organisational Performance 2021/2022				Organisational Performance 2022/2023			
	TOTAL Number of KPI's	KPI's Achieved	KPI's not achieved	Performance in Percentages	TOTAL Number of KPI's	KPI's Achieved	KPI's not achieved	Performance in Percentages
Municipal Institutional Development and Transformation	4	2	2	50%	5	3	2	60%
Good Governance and Public Participation	4	4	0	100%	4	2	2	50%
Municipal Financial Viability and Management	13	5	8	38%	13	6	7	46%
Local Economic Development	6	5	1	83%	5	4	1	80%
Basic Service Delivery and Infrastructure Development	13	10	3	77%	14	8	6	57%
Spatial Rationale and Transformation	3	1	2	33%	5	0	5	0%
Total	43	27	16	63%	46	23	23	50%

3.25.7 PERFORMANCE PER KEY PERFORMANCE AREA (KPA)

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

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

KPI 1	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Actual Performance	Portfolio of Evidence	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
Number of Policies reviewed by 30 June 2023	10	No Revision	37	Agenda of Council, Minutes and approved policies.	Achieved	10	No Revision	Agenda of Council, Minutes and Revised Policies	16	Achieved
Comment on Achievement of the KPI and Remedial Measures										
<p>Achieved</p> <p>A total of 16 policies were reviewed and were as follows: IT Change Management Policy for Rustenburg Local Municipality. Information Technology Strategy Plan for Rustenburg Local Municipality. ICT Cyber Security Policy for Rustenburg Local Municipality. Group information Security Policy for Rustenburg Local Municipality. Policy on practical experiential training. (Item 246) (30 November 2022) Reviewed First Aid Policy for RLM (ITEM 247) Reviewed incapacity/ ill health and injury policy for RLM (ITEM 248) Incident investigation Policy and Procedure for RLM (ITEM 249) Study aid policy (Item 53) Recruitment and selection policy (Item 54) Covid 19 Danger allowance policy (Item 55)</p>										

The following policies were reviewed and served before the Local labour forum of the 18 May 2023. Due to back log in items which were supposed to serve before Council in June 2023. The item could not make it into the agenda of Council.

Policy on Succession planning and career development.
 First aid policy for the Rustenburg Local Municipality
 Policy on Practical experiential training.
 Personal protective Equipment policy
 Incapacity Investigation policy and procedure.

KPI 2	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Actual Performance	Portfolio of Evidence	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
Number of ICT Disaster Recovery Sites tests conducted by 30 June 2023	2	No revision	User acceptance report (Quarter 1) Project close-out report (Quarter 1) Testing Certificate (Quarter 2 and 4)	3	Achieved	4	-	Recovery Test Certificate	12	Achieved
Comment on Achievement of the KPI and Remedial Measures										
<p>Achieved</p> <p>For the year under review 12 disaster recovery site tests were conducted. Tests were conducted to ensure the data of the municipality is protected. The testing includes backup of the information which was processed and replicated to remote servers. Considering the sensitivity and volume of financial data, the PAC recommended that tests be conducted monthly hence reported achievement has exceeded the target.</p>										

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

KPI 3: Percentage of the municipality's budget actually spent on training of personnel by June 2023	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	95%	No Revision	Training Expenditure Report signed off by CFO	26.42%	Not Achieved	95%	-	Training Expenditure Report signed off by CFO	99.54%	Achieved
Comment on Achievement of the KPI and Remedial Measures										
Achieved										
For the financial year under review up to end of the 4th quarter, spending on training was as follows:										
Project				Budget		Expenditure		%		
Training of Personnel				R3 247 920.00		3 233 167.82		99.54%		

KPI 4 Percentage of budgeted vacant positions filled within 3 months from becoming vacant in 2022/2023	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	50% of budgeted vacant positions filled	20%	Quarterly Recruitment Report signed off by Director	0.57%	Not Achieved	25% of budgeted vacant positions filled	No Revision	Quarterly Recruitment Report signed off by Director	23.1%	Not Achieved

Comment on Achievement of the KPI and Remedial Measures

Not Achieved

During the fourth quarter of the financial year under review an additional 19 vacant budgeted positions were filled. The cumulative figure for the entire financial year was 134 translating to 23.1% against the target of 50%.

During the last quarter of the year under review 3 batches of advertisements were issued trying to address filling of long-standing vacancies. Based on the number of budgeted positions and cash flow position. Not all vacant positions could be advertised.

Reason for Non-achievement

A large backlog of vacancies older than 6 months was experienced.

Remedial Measures

The batches which were issues sought to mix long standing vacancies with those which were budgeted and been recently vacated. The next tree batches of advertisement based on budgeted and prioritized position will strongly focus on reducing the backlog.

KPI 5 Percentage of disciplinary cases finalized within 6 months in 2022/23	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	-	-	-	-	-	90%	None	Letters of Finalization	24%	Not Achieved

Comment on Achievement of the KPI and Remedial Measures

Not Achieved

During the 4th quarter of the year under review the database of all cased was updated. The cases which commenced and finalized before the 1 July 2022 were removed from the database and status and turnaround times revised with date cases completed of status as at the 30th June 2023.

As at the end of the financial year under review, a total of 17 cases were on the register. Total completed cases were 9 and 4 cases were completed within 180 days, which translates to 24%. As at the end of the financial year under review Eight (8) cases were still pending finalization.

Reason for Non-achievement

Reasons for the delayed conclusion of the cases includes instances where chairperson recused himself on the matter; process postponed sine die and other hearings postponed on several occasions due to unavailability of either the employee and employer's witness to come and testify.

Remedial Measures

Collective agreement contains legal framework on how matters must be expedited, most of the pending matters are those handled by attorneys from outside. Levels according to our position do not allow a junior or an official at a similar level to either prosecute or chair a case of a colleague who is senior or on the same level. Levels are an impediment which causes these delays. In this regard matters of such nature require involvement of the directors, who at many instances adequate capacity in terms of time and technical know-how on workplace disciplinary matters. Workplace discipline in character must not be as stringent as litigations.

The collaboration has been established with legal unit, to assist process by helping to evaluate and process all pending cases. The legal advisor was appointed and started duty effectively from 1st April 2023 and assisted in expediting the conclusion of cases.

SALGA will be engaged in order to capacitate newly appointed unit heads and directors on workplace discipline and disciplinary hearing processes as mitigation to this risk.

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

MUNICIPAL STRATEGIC PRIORITY: UPHOLD GOOD GOVERNANCE AND PUBLIC PARTICIPATION PRINCIPLES

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

KPI 6 Percentage of Council resolutions implemented by June 2023	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	4	No Revision	4 x minutes of council	4	Achieved	4	100%	Spreadsheet with actual performance	50.58%	Not Achieved
Comment on Achievement of the KPI and Remedial Measures										
<p>Not Achieved</p> <p>This KPI was amended to measure the percentage of Council resolutions implemented by June 2023 as opposed to number of reports submitted to Council when excluding the number of resolutions for noting.</p> <p>A total of 172 action resolutions were taken. 19 were completed and 68 were in progress and status updates provided. 8 were not yet implemented with 77 not responded to.</p> <p>The percentage of the resolutions implemented when adding up the completed and in progress whose responses were submitted translates to 50.58%.</p> <p>Reasons for Non-Achievement</p> <p>Some resolutions were not implementable within the financial year under review.</p> <p>Remedial Measures</p> <p>The report serves as a standard MANCO item categorized per directorate and action plan be provided at every meeting.</p>										

	2021/2022	2022/2023
--	-----------	-----------

KPI 7: Number of employment equity (EE) reports submitted to the Department of Labour by 15 January 2023	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not achieved
	1	No Revision	Proof of electronic submission of the EE Report	1	Achieved	1	No Revision	Proof of electronic submission of the EE Report	1	Achieved
Comment on Achievement of the KPI and Remedial Measures										
Achieved										
The employment equity (EE) reports were submitted to the Department of Employment and Labour (DoEL) by 15 January 2023.										

KPI 8: Number of records disposal applications submitted to the North West Provincial Archives and Records Services By 30 June 2023	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	1	No revision	1 x records disposal application submitted to the North West Provincial Archives And Records Services	1	Achieved	1	No Revision	Records disposal application to the North West Provincial Archives and Records Services	0	Not Achieved
Comment on Achievement of the KPI and Remedial Measures										
<p>Not Achieved</p> <p>An application letter signed off by the Director was submitted on the 31 March 2023. However, there was a backlog from the previous financial year. No new application was done.</p> <p>Reasons for Non-Achievement</p> <p>The records that previously received authorisation for disposal could not be finalised hence the municipality could not proceed with new applications.</p> <p>Remedial Measures</p> <p>The backlog based on previous approved authorisation need to be completed by the end of the 1st quarter of the 2023/2024 financial and then proceed to new application.</p>										

KPI 9: Unqualified Audit opinion expressed by the Auditor General	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	1	No Revision	Audit Report	Qualified Audit Opinion	Achieved	Qualified Audit Opinion	No Revision	Auditor General's Report	Qualified Audit Opinion	Achieved
Comment on Achievement of the KPI and Remedial Measures										
Achieved The municipality obtained a Qualified Audit Opinion for the 2021-2022 financial year.										

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

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

Municipal Strategic Objective: Implement integrated capital funding model

KPI 10: Percentage of the municipality's capital budget spent by 30 June 2023	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	95%	No Revision	Certified BTO Spreadsheet	37%	Not Achieved	95%	No Revision	Certified BTO Spreadsheet	50%	Not Achieved
Comment on Achievement of the KPI and Remedial Measures										
Not Achieved										
Capital expenditure spending of R313,4 million was unfavourable to projected budget to date by R311,1 million (49,81%).										

NW373 Rustenburg - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M12 June

Vote Description	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
Capital Expenditure - Functional Classification									
Governance and administration	7,543	48,199	39,249	1,258	22,349	39,249	(16,901)	-43%	22,349
Executive and council	2,528	27,770	25,041	187	16,454	25,041	(8,587)	-34%	16,454
Finance and administration	5,015	20,149	13,929	1,071	5,895	13,929	(8,034)	-58%	5,895
Internal audit	-	280	280	-	-	280	(280)	-100%	-
Community and public safety	(13,383)	72,511	71,584	5,142	44,016	71,584	(27,568)	-39%	44,016
Community and social services	(20,085)	31,003	41,026	1,302	28,250	41,026	(12,776)	-31%	28,250
Sport and recreation	2,204	22,042	13,442	2,414	10,533	13,442	(2,909)	-22%	10,533
Public safety	4,367	17,903	15,553	1,426	5,050	15,553	(10,503)	-68%	5,050
Housing	130	1,563	1,563	-	183	1,563	(1,380)	-88%	183
Health	-	-	-	-	-	-	-	-	-
Economic and environmental services	116,852	200,101	244,211	30,264	149,439	244,211	(94,772)	-39%	149,439
Planning and development	(1,086)	32,115	26,754	410	9,510	26,754	(17,244)	-64%	9,510
Road transport	117,938	167,987	217,357	29,853	139,929	217,357	(77,428)	-36%	139,929
Environmental protection	-	-	100	-	-	100	(100)	-100%	-
Trading services	59,022	304,496	269,569	21,106	97,686	269,569	(171,883)	-64%	97,686
Energy sources	50,123	150,318	115,981	10,024	44,955	115,981	(71,026)	-61%	44,955
Water management	(7,012)	28,000	37,400	3,841	24,335	37,400	(13,065)	-35%	24,335
Waste water management	15,221	119,298	111,308	7,241	28,396	111,308	(82,912)	-74%	28,396
Waste management	690	6,880	4,880	-	-	4,880	(4,880)	-100%	-
Other	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	170,034	625,308	624,613	57,770	313,490	624,613	(311,123)	-50%	313,490
Funded by:									
National Government	146,882	431,069	431,221	49,234	280,637	431,221	(150,584)	-35%	280,637
Provincial Government	49	619	892	63	364	892	(528)	-59%	364
District Municipality	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	146,931	431,688	432,113	49,298	281,001	432,113	(151,112)	-35%	281,001
Borrowing	28,740	-	-	-	-	-	-	-	-
Internally generated funds	(5,637)	193,620	192,500	8,472	32,489	192,500	(160,011)	-83%	32,489
Total Capital Funding	170,034	625,308	624,613	57,770	313,490	624,613	(311,123)	-50%	313,490

Reasons for Non-Achievement

Bid committees not quorating.

Remedial Measures

Approval of the procurement plan before the commencement of a financial year.

KPI 11	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence``	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
Procurement of the mSCOA financial system modules	100% of all modules as per the SLA signed off as fully operational by the municipality and system provider	No Revision	Service Provider Sign-off certificate	Bidders were non-responsive	Not Achieved	100% of all modules as per the SLA signed off as fully operational by the municipality and service provider	No Revision	Service Provider Sign-off Certificate Signed Service Level Agreement	0	Not Achieved
Comment on Achievement of the KPI and Remedial Measures										
<p>Not Achieved</p> <p>The service provider was not appointed by the end of June 2023.</p> <p>Reasons for Non-Achievement</p> <p>Bid not finalized by the Bid Adjudication Committee (BAC).</p> <p>Remedial Measures</p> <p>Extension of validity period till October 2023.</p>										

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

KPI 12: Percentage collection of revenue billed	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	85%	No Revision	Signed CFO Calculation from 3 months C Schedules. C Schedule Extract from the financial system	90%	Achieved	90%	-	Signed CFO Calculation from 3 months C Schedules. C Schedule Extract from the financial system	74%	Not Achieved
Comment on Achievement of the KPI and Remedial Measures										
<p>Not Achieved</p> <p>Actual performance of revenue was at 74% as at the end of the 4th quarter.</p> <p>Formula: $(\text{Gross Debtors Closing Balance} + \text{Billed Revenue} - \text{Gross Debtors Opening Balance} - \text{Bad Debts Written Off}) / \text{Billed Revenue} \times 100$</p> <p>Gross Debtors closing balance : R6 365 740 743 Gross Debtors opening balance : R5 988 469 000 Bad debts written off : R0 Billed Revenue : R1 443 087 000 Actual Performance : 74%</p> <p>Reasons for non-achievement</p>										

Non-payment for municipal services.

Remedial Measures

#MyCityMyResponsibility programme was resuscitated.

KPI 13: Percentage of municipal payments made to service providers who submitted complete forms within 30-days of invoice submission	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence``	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	95% within 30 days	None	Signed CFO calculation from Extract from the financial system	55 days	Not Achieved	95% within 30 days	No Revision	Signed CFO Calculation from C Schedule Extract from the financial system.	33 Days	Not Achieved
Comment on Achievement of the KPI and Remedial Measures										
<p>Not Achieved The creditors payment period was 33 days.</p> <p>Reasons for non-achievement Not all invoices were submitted within 30 days of receiving the service.</p> <p>Remedial Measures Check list to track bottle necks in submission of invoices timeously developed.</p>										

KPI 14: Achieved Improved financial current ratio	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	1.8:1	No Revision	Signed CFO Calculation from 3 months C Schedules. C Schedule Extract from the financial system	1.30:1	Not Achieved	1.8:1	No Revision	Signed CFO Calculation from 3 months C Schedules. C Schedule Extract from the financial system	1.12: 1	Not Achieved

Comment on Achievement of the KPI and Remedial Measures

Current Assets : R1 494 724 764
 Current Liabilities : R1 330 838 987
 Current Ratio : R1.12 : 1

Reasons for Non-Achievement

Inadequate cash reserves and debt collection levels.

Remedial Measures

Debt collectors appointed.
 Implementation of debt collection plan.
 Continue to intensify credit control measures and resolve all impediments.

KPI 15: Achieve improved financial cost coverage of the municipality by 30 June 2023	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	1 month	No Revision	Signed CFO Calculation from 3 months C Schedules. C Schedule Extract from the financial system	1 month	Achieved	1 Month	-	Signed CFO Calculation from 3 months C Schedules. C Schedule Extract from the financial system	0	Not Achieved
Comment on Achievement of the KPI and Remedial Measures										
Not Achieved										
Cost coverage was at 0 months at the end of the financial year under review.										
Formula:										
Cash and cash equivalents : R138 034 236										
Unspent conditional grants : R166 952 786										
Overdraft : R0										
Short Term Investments : R 25 301 581										
Total Annual Operational Expenditure : R5 619 551 328										
Cost Coverage : 0 month										
Reasons for Non-Achievement										
Monthly fixed operational expenditure above the available cash.										
Remedial Measures										
Risk Chairperson to assist with voluntary Financial Recovery Plan (FRP).										
KPI 16	2021/2022					2022/2023				

Percentage of the municipality's allocated budget spent on indigent relief for free basic services by 30 June 2023	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	100%	No Revision	Indigent Register 1 x approved indigent application	63%	Not Achieved	100%	-	Indigent Register 1 x approved indigent application form	58%	Not Achieved

Comment on Achievement of the KPI and Remedial Measures

Not Achieved

Expenditure on the budget was at 58% at the end of the financial year under review.

Budget	Expenditure	Percentage
R19 807 041	R10 302 077	58%

Reasons for Non-Achievement

Qualification criteria does not cover informal settlement and households with backyard dwellers.

Remedial Measures

Approved Indigent Policy to upgrade qualifying criteria and #MyCity My Responsibility to be resuscitated.

KPI 17 Number of Section 71 reports submitted to the Executive Mayor within 10 days after the end of the month	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence`	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	12	No Revision	12 Section 71 Reports	12 reports	Not Achieved	12	No Revision	12 Section 71 Reports	12	Achieved
Comment on Achievement of the KPI and Remedial Measures										
<p>Achieved</p> <p>Twelve (12) Section 71 Reports were submitted to the Executive Mayor as follows:</p> <p>July 2022 - 15 August 2022 August 2022 – 14 September 2022 September 2022 – 14 October 2022 October 2022 - 14 November 2022 November 2022 – 14 December 2022 December 2022 – 12 January 2022 January 2023 - 14 February 2023 February 2023 – 14 March 2023 March 2023 – 18 April 2023 April 2023 - 12 May 2023 May 2023 – 08 June 2023 June 2023 – 13 July 2023</p>										

KPI 18	2021/2022	2022/2023
--------	-----------	-----------

Number of section 72 reports submitted within legislated timeframe to the Executive Mayor	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	January 2022	No Revision	Council Agenda	07 February 2022	Achieved	January 2023	No Revision	Council Agenda	31 January 2023	Achieved
Comment on Achievement of the KPI and Remedial Measures										
Achieved										
The Section 72 Report (Mid-Year Assessment) was submitted on the 31st January 2023 per item 43.										

KPI 19 Number of section 52 reports submitted after every quarter to council	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	4	No Revision	Section 52 reports Council Resolution	3	Not Achieved	4	No Revision	Council Agenda	4	Achieved
Comment on Achievement of the KPI and Remedial Measures										
Achieved										
Section 52 reports were submitted as follows:										
1st Quarter – 14th October 2022										
2nd Quarter - 12th January 2023										
3rd Quarter - 18 April 2023										

4th Quarter - 14 July 2023

KPI 20 Annual Financial Statements (AFS) of RLM and Consolidate d AFS of 2021/2022 submitted to AGSA for audit by 31 August 2022 and 30 September 2022 respectively	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence``	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	2x set of Annual financial statement s of submitted to AGSA	No revision	Acknowledgem ent of Receipt by AGSA	2x set of Annual financial statements of submitted to AGSA	Not Achieved	2x set of Annual financial statements of submitted to AGSA	No Revision	Acknowledgem ent of Receipt by AGSA	31 August 2022 30 September 2022	Achieved
Comment on Achievement of the KPI and Remedial Measures										
Achieved										
The 2021/2022 Annual Financial Statements (AFS) of the Rustenburg local Municipality were submitted to the office of the Auditor General on the 31 August 2022. Submission was made both in soft and printed copies.										
The consolidated AFS of the 2021/2022 were submitted on the 30th September 2022.										

KPI 21 MTREF budget prepared and submitte d to Council by 31 May 2023	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	31 May 2022	No Revision	Council Agenda	31 May 2022	Achieved	31 May 2023	No Revision	Council Agenda	31 May 2023	Achieved
Comment on Achievement of the KPI and Remedial Measures										
Achieved The MTREF was tabled to Council per item 117 on the 31 May 2023.										

KPI 22 Adjustme nt budget submitted to Council by end of February 2023	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	2021/22 Adjustmen t budget submitted to Council	No Revision	Council Agenda	2021/22 Adjustment budget submitted to Council on the 28 February 2022	Achieved	February 2023	No Revision	Council Agenda	28 February 2023	Achieved
Comment on Achievement of the KPI and Remedial Measures										
Achieved The Adjustment Budget was tabled to Council per item 46 on the 28 February 2023.										

3.25.7.4 Key Performance Area (KPA 4): Local Economic Development

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

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

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

KPI 23 Number of catalytic projects facilitated by end of June 2023	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	2	No revision	Confirmation Letter from Investor / Developer or Catalytic Projects Committee Report	2	Achieved	1	-	Confirmation Letter from Investor / Developer or Catalytic Projects Committee Report	3	Achieved
Comment on Achievement of the KPI and Remedial Measures										
Performance Significantly above expectations										
Reasons for over achievement:										
More investors should their interest to implement catalytic projects in RLM as a result of the Investment Round table held.										

KPI 24	2021/2022	2022/2023
--------	-----------	-----------

Number of Strategic Economic Sector Programmes and Implementation Plans Developed by June 2023	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	-	-	-	-	-	1	No revision	Developed Programmes or implementation plans	0	Not achieved
Comment on Achievement of the KPI and Remedial Measures										
<p>Not Achieved</p> <p>The bid was not concluded.</p> <p>Reasons for Non-Achievement</p> <p>The appointment of the recommended service provider by BAC was not approved.</p> <p>Remedial Measures</p> <p>Recommended that the bid be readvertised. The Bid is currently under litigation.</p>										

KPI 25 Number of work opportunities created through Public Employment Programmes (inclu.) EPWP, CWP and other related employment programmes)	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	1500	No Revision	List of people employed with ID numbers and projects reports on number of jobs created	1664		1 500	-	List of people employed with ID numbers and projects reports on number of jobs created	2502	Achieved
Comment on Achievement of the KPI and Remedial Measures										
Achieved										
A total of 2502 jobs were created during the financial year under review.										
Project						Number of Jobs				
EPWP – Phunyeletso, DCD, Cogta						15				
PMU						44				
Community Facilities						8				
Civil Facilities						16				

Waste	674
Library	8
MTN Foundation ICT Sector – Youth	100
Royal Polo Event	48
LGBTQI+	18
Fibre Installation	95
Lepharo Incubation Programme	1456
Roads and Transport	20
TOTAL	2502

KPI 26 Percentage completion of the Boitekong Hawkers Stalls project	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved / Not Achieved
	-	-	-	-	-	100%	No Revision	Procurement Plan List of tenders awarded Completion Certificate	82%	Not Achieved
Comment on Achievement of the KPI and Remedial Measures										
<p>Not Achieved</p> <p>The progress was at 82% Time lapsed was at 115.2%</p> <p>Project Budget: 8282 417.07 Awarded contract value: R7 078 988.94 Expenditure: R6 153 307, 93 (87%)</p> <p>Reasons for Non-Achievement Community unrest and heavy rain</p> <p>Remedial Measures Extension of time to end of October 2023 without cost.</p>										

Municipal Strategic Objective: Drive diversified and sustainable rural development

KPI 27 Number of Farmers' Production Support (FPSU) renovated	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	40	24	Agricultural development Support Programme Technical Committee Report on Recommended Farms for Support / Report on Training / Mentorship	62	Achieved	1	No	Report on the FPSU	1	Achieved
<p>Comment on Achievement of the KPI and Remedial Measures</p> <p>Achieved The Farmer Support Unit Phase 1 of the renovation was successfully completed.</p> <p>Reasons for non – achievement Budget of R10 million was requested for the development of the FPSU and only 2 million budget was allocated for the financial year. The Municipality implemented phase 1 with the allocated budget.</p> <p>Remedial measure The Municipality has requested support from external stakeholders to assist with the renovations of the Farmer Support Unit.</p>										

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

Municipal Strategic Objective: Efficient provision of quality basic services and infrastructure within a well-planned spatial structure

KPI 28 Percentage reduction of real water losses per IWA standards by 30 June 2023	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	5%	No revision	IWA Balance Report	7%	Achieved	5%	No Revision	IWA Balance report	5% increase	Not Achieved
Comment on Achievement of the KPI and Remedial Measures										
Not Achieved										
The baseline was 46.46%. As at the end of June 2023, water losses were at 51.57%. There has been an increase of 5%.										
Month	Units Purchased	Value of Units Purchased	Unit cost (in rands)	Units Sold	Value of Units Sold	Unit cost (in rands)	Units Lost in Distribution	Value of Units Lost In Distribution	% of unit lost in distribution	
Jul-22	3 621 356	41 665 725	11,51	2 797 457	38 627 548	13,81	823 899	9 479 418	22,75%	
Aug-22	3 510 383	39 396 579	11,22	1 626 914	36 987 761	22,73	1 883 469	21 137 931	53,65%	
Sep-22	3 811 661	42 287 228	11,09	1 900 429	41 347 717	21,76	1 911 232	21 203 539	50,14%	
Oct-22	3 975 626	45 570 688	11,46	2 005 127	44 851 276	22,37	1 970 499	22 586 882	49,56%	

Nov-22	3 945 955	44 329 691	11,23	1 876 016	41 127 724	21,92	2 069 939	23 254 131	52,46%
Dec-22	3 645 892	40 614 751	11,14	1 652 335	36 298 053	21,97	1 993 557	22 207 959	54,68%
Jan-23	3 726 506	41 898 636	11,24	2 111 618	45 832 561	21,70	1 614 888	18 156 848	43,34%
Feb-23	3 677 157	40 869 801	11,11	1 687 859	37 648 033	22,31	1 989 298	22 110 074	54,10%
Mar-23	4 103 435	46 289 721	11,28	1 785 763	38 927 991	21,80	2 317 672	26 145 020	56,48%
Apr-23	3 910 132	44 018 111	11,26	1 637 807	34 797 189	21,25	2 272 325	25 580 582	58,11%
May-23	3 999 582	45 068 464	11,27	1 682 328	36 452 502	21,67	2 317 254	26 111 498	57,94%
Jun-23	4 592 824	50 131 585	10,92	1 765 489	37 973 387	21,51	2 827 335	30 860 922	61,56%
Total	46 520 509	522 140 979	11,22	22 529 142	470 871 743	20,90	23 991 367	268 834 806	51,57%

Reasons for Non-Achievement

Aged infrastructure, illegal connections and water tankering.

Remedial Measures

Replace/upgrade of old infrastructure
 Metering of water delivered to informal settlements
 Identify and repair water leaks

KPI 29 Percentage of drinking water samples complying to SANS241 by June 2023	2021/2022					2022/2023														
	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved										
	98%	No Revision	Laboratory Reports	98%	Achieved	98%	-	Laboratory reports	98%	Achieved										
Comment on Achievement of the KPI and Remedial Measures																				
<p>Achieved</p> <p>Aggregate performance as at the end of the financial year was at 98%.</p> <table border="1" data-bbox="206 738 566 925"> <tbody> <tr> <td>Quarter 1</td> <td>984%</td> </tr> <tr> <td>Quarter 2</td> <td>98%</td> </tr> <tr> <td>Quarter 3</td> <td>97,58%</td> </tr> <tr> <td>Quarter 4</td> <td>98.76%</td> </tr> <tr> <td>Aggregate</td> <td>98%</td> </tr> </tbody> </table>											Quarter 1	984%	Quarter 2	98%	Quarter 3	97,58%	Quarter 4	98.76%	Aggregate	98%
Quarter 1	984%																			
Quarter 2	98%																			
Quarter 3	97,58%																			
Quarter 4	98.76%																			
Aggregate	98%																			

KPI 30 Percentage completion of Phase 2 of the Boitekong Substation construction by 30 June 2023	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	1	No Revision	Service Provider Completion Certificate	1	Achieved	100%	No Revision	Service Provider Completion Certificate	100%	Achieved

Comment on Achievement of the KPI and Remedial Measures

Achieved

Civil Earth Works have been completed (100%). Long Lead materials have been procured and some of the items were due for delivery on Friday the 7th of July 2023.

Budget R30, 030, 300.00

Expenditure R26 000 090.83

Total expenditure = 87%

Construction of Boitekong Substation Cashflow for 2022 to 2023 Financial Year

Invoice No	Invoice Amount	Retention Cost	Total Claim
3	R 7 983 659,34	R 887 073,26	R 8 870 732,60
4	R 1 078 262,49	R -	R 1 078 262,49
5	R 3 789 985,58	R 421 109,51	R 4 211 095,09
6	R 2 075 604,34	R 230 622,70	R 2 306 227,04

7	R 2 688 025,44	R 298 669,50	R 2 986 694,94
8	R 1 829 745,86	R 203 305,10	R 2 033 050,96
9	R 599 034,71	R -	R 599 034,71
10	R 3 729 989,91	R 185 003,09	R 3 914 993,00

KPI 31 Number of electrical projects (high mast lights) implemented by 30 June 2023	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	1	0	Service Provider Completion Certificate	0	Not Achieved	1	3	Service Provider Completion Certificate	2	Not Achieved

Comment on Achievement of the KPI and Remedial Measures

Not Achieved

Kanana B – installed 16 high mast lights but they were not commissioned.
 Mosenthal – installed 6 high mast lights but they were not commissioned.
 Kanana A – No installation.

Reasons for Non-Achievement

Non-responsive bidders
 High mast lights have been erected but not commissioned by Eskom due to loadshedding.

Remedial Measures

To implement solar high mast light in future projects.

KPI 32 Appointment of service provider for sewer projects in Lethabong by June 2023	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	3	No Revision	Appointment Letter Completion Certificate	2	Not Achieved	Appointment of service provider	-	Signed Site Handover Minutes	0	Not achieved

Comment on Achievement of the KPI and Remedial Measures

Not Achieved

The service provider was not appointed by the end of the financial year under review.

Reasons for Non-Achievement

Bid committees not finalizing on time.

Remedial Measures

Resuscitation of bid committees.

KPI 33 Number of air quality monitoring operations undertaken	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence``	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	50%	10	Air Quality Monitoring Reports Smoke Meter Reports Station Reports	13	Achieved	12	None	Smoke meter report x4 Report from Mines (Anglo & Tharisa) x4 Air Quality Monitoring Station Report x 4	36	Achieved
Comment on Achievement of the KPI and Remedial Measures										
Achieved										
A total of 36 air quality operations were undertaken during the financial year under review.										

KPI 34 Number of recognized informal settlements with a waste service by 30 June 2023	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	83%	No Revision	DPHS Database of informal settlements Waste Management Service Reports	83%	Achieved	83%	16x recognized informal settlements with a waste service	DPHS Database of informal settlements Waste Management Service Reports National Waste Management Standards	28	Achieved
Comment on Achievement of the KPI and Remedial Measures										
Achieved										
28 out of 39 newly recognised informal settlements have been serviced during the financial year under review.										

KPI 35 Percentage of formal households with a weekly solid waste removal service by 30 June 2023	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence`	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	100%	80%	Valuation roll Consolidated Weekly Schedule Vehicle tracking report	97%	Achieved	100%	80%	Valuation roll Consolidated Weekly Schedule Vehicle tracking report	100%	100%
Comment on Achievement of the KPI and Remedial Measures										
Achieved										
101 157 formal households that excludes 3343 Farms Households = 100% were serviced during the financial year under review.										

KPI 36 Percentage construction completion of phase 1A integrated public transport stations by 30 June 2023)	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence`	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	14	No Revision	Completion Certificate	0	Not Achieved	50%	-	Completion Certificate	12.5%	Not Achieved
Comment on Achievement of the KPI and Remedial Measures										
<p>Not Achieved</p> <p>Achieved total progress to date on site was 12.5% as per the engineer’s report for 6 stations – Zone A. Expenditure was at R12 968 167.33 of the total budget.</p> <p>Reasons for Non-Achievement</p> <p>Contractor has been given sectional instruction to proceed on 2 of 6 stations. It is important for the contractor to complete one stations and move to the next.</p> <p>Remedial Measures</p> <p>The engineer and RLM are closely monitoring the contractor and SMMEs to avoid delays caused by strikes on site and delays of delivery of material.</p>										

KPI 37 Number of vehicles operating through the Bus operating company by 30 June 2023	2021/2023					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	15 buses	12 buses	Signed Vehicle Acquisition Agreement	12	Achieved	35 branded taxis 15 buses	15 buses 35 branded taxis	Monthly Vehicle KMs report	35 branded taxis 10 buses	Not Achieved
Comment on Achievement of the KPI and Remedial Measures										
<p>Not Achieved</p> <p>There has been a delay with regards to procurement of buses. There has been no expenditure on the budget. There were 10 buses and 35 branded taxis operating as at the end of June 2023.</p> <p>Reasons for Non-Achievement</p> <p>There has been a delay with regards to procurement of buses. Due to negotiations to settle existing buses first.</p> <p>Remedial Measures</p> <p>The BOC has issued an advert for buses.</p>										

KPI 38 Kilometers of new municipal road lanes built by 30 June 2023	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	10km	No Revision	Service Provider Completion Certificate	13.107km	Achieved	30km	No Revision	Service Provider Progress Report and Completion Certificate	10.050 km	Not Achieved

Comment on Achievement of the KPI and Remedial Measures

Not Achieved

A total of 10.050 km of roads were constructed during the year under review.

No.	Project	Kilometres
1	Construction of Marikana Roads and Storm Water Drainage phase D Modikwe	1,43km
2	Construction of Marikana Roads and Storm Water Drainage phase C	2,43m
3	Construction of Marikana Roads and Storm Water Drainage phase 04 (Thabeng)	1,22m
4	Construction of Meriting Roads & Storm Water ward 18 phase 4 (Phokeng ward 41)	1,06m
5	Construction of Marikana Roads and Storm Water drainage Thekwane (Ward 45)	1,27m
6	Construction of Meriting Roads & Storm Water ward 18 phase 4 (Seraleng Ward 43)	1,04m
7	Construction of Tlaseng Roads and Stormwater drainage phase B	1,57m
	TOTAL	10,050km

Reasons for Non-Achievement

Roads projects were still under construction by the end of the financial year.

Remedial Measures

Some sections of the roads to be completed by 2nd quarter 2023/24.

KPI 39 Percentage of compliance with the required attendance time for structural firefighting incidents by 30 June 2023	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	98%	No revision	Fire incidents reports	100%	Achieved	98%	No Revision	Register of fire incidents and quarterly report signed by Director	98%	Achieved

Comment on Achievement of the KPI and Remedial Measures

Achieved

According to South African National Standard 10090 community protection against fires, provides for a maximum call receipt and turnaround time of 3 hours as maximum across all the 5 categories. All fire incidents reported were attended to within the prescribed time.

A total of 672 firefighting incidents were reported and 672 were attended to for the financial year under review. Response to incidents was at 98%.

Structural firefighting incidents were attended as follows during the financial year:

PERIOD	SET TARGET	QUARTER	NUMBER	PERCENTAGE	COMMENTS
July - June 2022-2023	98% of Emergency (Fire	1st Quarter	226	100%	98% of reported emergency
		2nd Quarter	171	100%	

		and Rescue Calls attended to)	3rd Quarter	117	98%	calls were attended to.				
			4th Quarter	158	98%					
	Total			672	98%					
KPI 40 Number of road safety campaigns conducted by 30 June 2023	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence``	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	-	-	-	-	-	40	None	Road Safety Report	52	Achieved
Comment on Achievement of the KPI and Remedial Measures										
Achieved										
Cumulatively, fifty two (52) road safety campaigns were conducted out of a target of (40) and a variance of twelve (12) was experienced.										
KPI 41 Number of crime prevention operations conducted by 30 June 2023	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence``	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	-	-	-	-	-	20	No Revision	Notices on crime prevention operations conducted	50	Achieved
							Report on crime prevention			

								n operation conducted		
Comment on Achievement of the KPI and Remedial Measures										
Achieved										
Cumulatively fifty (50) crime prevention operations were conducted out of a target of 20.										

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

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

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

KPI 42: Number of privately owned portions of land acquired for human settlement by 30 June 2023	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	1	No revision	Signed deed of donation document / Deed of sale	4	Achieved	1	No Revision	Signed deed of donation/ Deed of sale	0	Not Achieved
Comment on Achievement of the KPI and Remedial Measures										
Not Achieved										
Deed of sale for 2 portions of land were not signed.										
Reasons for Non-Achievement										

Sale agreements not finalised on time due to cancellation by the Department of Agriculture and withdrawal of the land seller. There were also budget constraints.

Remedial Measures

Budgeting for purchase of land portions be done earlier and acquisition be in the following financial year.

KPI 43 Number of townships established by 30 June 2023	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved / Not Achieved
	2	No Revision	Township establishment application	1	Not Achieved	2	No Revision	Township Establishment Application	0	Not Achieved
Comment on Achievement of the KPI and Remedial Measures										
Not Achieved										
Application for formalisation of Mbeki Sun and Popo Molefe was received from Maxim Planning Solutions. A progress meeting was held on 13 June 2023, and it was resolved that Maxim pays the outstanding application fees whereafter the Municipality shall complete the application assessment.										
Reasons for Non-Achievement										
Directorate could not accept land which was not suitable for Human Settlement.										
Remedial Measures										
Planning to start earlier in the financial year.										

KPI 44	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
Number of SDF submitted to Council by June 2023	1	No revision	Council Resolution Approved SDF	0	Not Achieved	1	No Revision	Council Minutes SDF	0	Not Achieved
Comment on Achievement of the KPI and Remedial Measures										
<p>Not Achieved</p> <p>The service provider was appointed in May 2023 for a period of 12 months, however the appointment took place towards the end of the financial year.</p> <p>Reasons for Non-Achievement</p> <p>No budget was allocated and the department promised to assist with procurement of the service provider. The service provider was appointed in May 2023, towards the end of the financial year.</p> <p>Remedial Measures</p> <p>Contract management in terms of ensuring the appointed services provider achieved the targets.</p>										

KPI 45 % of rezoning applications approved within prescribed timeframe	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
	-	-	-	-	-	75%	No Revision	List of applications	29%	Not Achieved
Comment on Achievement of the KPI and Remedial Measures										
<p>Not Achieved</p> <p>1st Quarter - 9.67% 2nd Quarter - 31% 3rd Quarter - 61% 4th Quarter - 15%</p> <p>Average : 29%</p> <p>Reasons for Non-Achievement</p> <p>Application cannot be approved within 3 months due to administration procedures e.g., outstanding comment/negative comment and objection delay by applicants to provide outstanding information.</p> <p>Remedial Measures</p> <p>KPI will be reviewed in the new financial year to outline processes leading towards the final approval and will be broken down per quarter.</p>										

KPI 46	2021/2022					2022/2023				
	Annual Target	Revised Annual Target	Portfolio of Evidence`	Actual Performance	Achieved/ Not Achieved	Annual Target	Revised Annual Target	Portfolio of Evidence	Actual Performance	Achieved/ Not Achieved
% of building applications approved within prescribed timeframes	-	-	-	-		75%	-		66%	Not Achieved
<p>Comment on Achievement of the KPI and Remedial Measures</p> <p>Not Achieved 66 % approved. Out of 630 plans received for all quarters 416 were approved.</p> <p>Reason for Non-Achievement</p> <p>Comments on plans were not received on time.</p> <p>Remedial Measures</p> <p>Improve internal control mechanisms to ensure support from other directorates.</p>										

3.25.8 ASSESSMENT OF PERFORMANCE OF SERVICE PROVIDERS 2022-2023

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENT- DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								YES	NO	YES	NO	
1.	RLM/DCD/0039/2020/21	KATLEGO BAPHIRING	Wet Refuse (Solid household Waste) Collection	R60 421 828.00	R210 000 000.00	01 MAY 2021	30 April 2024	Yes		Yes		The service provider is on a 3-year contract with the municipality to render waste collection service.
2.	RLM/DCD/0039/2020/21	SETHANYE TRADING & PROJECTS (PTY) LTD	Wet Refuse (Solid household Waste) Collection			01 MAY 2021	30 April 2024	Yes		Yes		The service provider is on a 3-year contract with the municipality to render waste collection service.
3.	RLM/DCD/0015/2019/20	Mphele Engineers and Project Management (Pty) Ltd	Landfill operation and management	R11 091 520.00	R42 600 000.00	01 MAY 2021	30 April 2024	Yes		Yes		Management and maintenance of Waterval landfill site for a period of 3 years.
4.	RLM/DCD/0024/2022/23	C&M CONSULTING ENGINEERS (PTY) LTD	Appointment of service provider for the Data Management and Maintenance of Rustenburg Air Quality Monitoring Network for 3years	R 457 880,00	R-801 086.56	01 January 2023	29 January 2026	Yes		Yes		The service provider is on a 3-year contract with the municipality to render Air Quality Management and Maintenance services.
5	RLM/DCD/0006/2021/22	Malapa Ha Lekane Enterprise PTY LTD	Appointment of a service provider for the	R437,549.20	R437,549.20	18 May 2022	18 November 2022	Yes		Yes		Contract ended

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								YES	NO	YES	NO	
			maintenance and rehabilitation of Boitekong RCC									
6	RLM/DCD/0007/2021/22	Malapa Ha Lekane Enterprise PTY LTD	Appointment of a service provider for the maintenance and rehabilitation of Rankelenyane RCC	R392,333.22	R392,333.22	18 May 2022	18 January 2022	Yes		Yes		Contract ended
7	MOU	Schindler (SA) PTY LTD	Repairs and maintenance of lifts/elevators at Mpheni and Waste for 36 months	Month maintenance equals to R3,249.06 per lifts at Waste Building & R7,866.10 per lift at Mpheni Building Repairs = R760,359.40	R 1,176,921.00	01 July 2022	30 June 2025	Yes		Yes		The service provider is appointed on a 3-year contract of which the price will increase every year as guided by CPI. Schindler is yet to submit their corrected invoices for 2022/23 financial year.
8	RLM/DCD/0005/2021/22	Prime Safety Solutions	Appointment of service provider for servicing all firefighting equipment in	Rate Based	R207,943.00	12 April 2022	11 April 2025	Yes		Yes		The service provider is appointed on a 3-year contract as and when needed.

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	
			the Municipal Buildings									
9	RLM/DCD/0001/2019/20	Don Pablo	Appointment of a service provider for the supply and deliver of new furniture as and when required for 36 months	Rate Based	R1,724,676.85	24 February 2022	11 April 2023	Yes			No	The contract was terminated due to service provider failing to deliver goods.
10	RLM/DCD/0062/2021/22	Kabelo Monong	Appointment of service provider to refurbish 8 th Floor at Mpheni Building	R2,570,852.17	R2,570,000.00	05 October 2022	25 April 2023	Yes		Yes		The project is completed.
11	RLM/DCD/0075/2021/22	Thuto Multi Holding	Appointment of the service provider for the supply and delivery of electrical, plumbing, carpentry and material for the Rustenburg Local Municipality facilities for the period of 3 years	RATE	R100,557.32	01 October 2022	30 November 2025	Yes		Yes		The project is ongoing

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								YES	NO	YES	NO	
12	RLM/DCD/0075/2021/22	NTGR Engineering	Appointment of the service provider for the supply and delivery of electrical, plumbing, carpentry and material for the Rustenburg Local Municipality facilities for the period of 3 years	RATE	R269,476.05	01 October 2022	30 November 2025	Yes		Yes		The project is ongoing
13	RLM/DCD/0075/2021/22	Imperior Enterprises	Appointment of the service provider for the supply and delivery of electrical, plumbing, carpentry and material for the Rustenburg Local Municipality facilities for the period of 3 years	RATE	R53,935.00	01 October 2022	30 November 2025	Yes		Yes		The project is ongoing

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ACTUAL PERFORMANCE
								YES	NO	YES	NO	
14	RLM/DCD/0037/2022/23	Trick of Trade Pty Ltd	Appointment of a Contractor for the Installation of a New Diamond Razor Fence Around the Perimeter at the Booster	R473,632.50	R473,000.00	01 February 2023	22 June 2023	X		X		The project is completed.
15	RLM/DCS/0050/2020/2021	Motswako Office Solutions	Leasing and Maintenance of Printers and Equipment for the period of 36 Months	R 1 800 000	Rate bases	02/06/2021	01/06/2024	Yes		Yes		Functional
16	RLM/DCS/0113/2020/21	SECINC(PTY) LTD	Disaster Recovery and Information Security Solution.	R 3 500 000	R 9 984 541.55 for a period of 36 months	10/11/2021	11/11/2024	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	
17	RLM/DCD/0001/2019 /20	Don Pablo Office Group CC	Appointment Of A Service Provider(S) For The Supply And Delivery Of New Furniture As And When Required For A Period Of Three Years	R5,4000,000	Rahtes	24 January 2021	24 April 2024	X		X		Active Contract
18	RLM/DCD/0005/2021 /22	Prime Safety Solutions Pty Ltd	Appointment of service provider/s for the servicing of all fire equipment in the municipal buildings	R500,000.00	Rates	01 March 2022	28 /02/2025	X		X		Active Contract
19	RLM/DTIS/0017/2020 /21	MT&A ENGINEERING (PTY) LTD	Appointment of Services For Supply And Delivery of Substation Chargers and Batteries to RLM	R112 903.87	R112 903.87	27/07/2021	27/07/2024	Yes		Yes		Still On Going
20	RLM/DTIS/0018/2020 /21	PDT IRONMONGER Y SUPPLIERS CC	Appointment of Services For Supply And Delivery of Electrical Padlocks to Stores	R174 800.00	R174 800.00	12/07/2021	12/07/2024	Yes		Yes		Still On Going

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	
21	RLM/DTIS/0028/2020/21	RIG HOLDINGS JV	Appointment of a Services Provider for The Provision of Water Quality Monitoring Programme	-	-	09/02/2021	09/02/2024	Yes		Yes		Still On Going
22	RLM/DRT/0095/2019/20	NGTR Froshaw JV	Re-sealing of roads	As and when required	May 2021	Feb 2024	Yes		Yes		Resealing of road as and when required	Ongoing
23	RLM/DRT/0094/2020/21	Kgotla PR & Communications	Marketing & Communications of the RRT	R4.5 million	Aug 2021	July 2024	Yes		Yes		Marketing & communications for the RRT	Ongoing
24	RLM/BTO/0063/2020/21	Bazuzu Trading MTC Tax JV	Appointment of a professional service provider to render VAT recovery services for a period of 36 months	Commission based								

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	
25	RLM/BTO/0027/2019/21	Cynical Logistix	Supply and Delivery of Stationery	Rates		15/04/2021	14/04/2024	Yes		Yes		
26	RLM/BTO/0027/2020/21	Ntiyiso Consulting	Appointment of Service Provider For Operational Management Of Credit Control, Meter Reading And Indigent Management For A Period Of Three Years	Rates		23/12/2020	22/12/2023	Yes		Yes		R35 139 870.51
27	RLM/BTO/0126/2020/21	Omni Risk	One or more service providers for the short-term insurance portfolio for a period of 3 years	R9 090 000+ escalation	R9 090 000+ escalation	30/09/2021	29/09/2024	Yes		Yes		R28 742 926.32
28	RLM/BTO/0127/2020/21	Market Demand Trading 773 (Pty) LTD	Appointment of a service provider for asset management to the municipality	Rates	Rates	24/11/2021	23/11/2024	Yes		Yes		R 7 540 995.22

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	
			for a period of 3 years									
29	RLM/BTO/0115/2020/21	Standard bank of South Africa	Appointment of banks registered in terms of the Bank Act 1990 to supply banking services to the municipality	-	RATES	01/07/2022	30/06/2027	Yes		Yes		N/A
30	RLM/BTO/0125/2020/21	Kototsi Medical Solutions PTY LTD	Appointment of service provider for supply and delivery of printing paper as and when required for a period of 36 months			11/07/2022	10/07/2025	Yes		Yes		
31	RLM/BTO/0090/2020/21	LL Concepts (PTY) LTD	Appointment of a service provider to provide media buying services (radio, TV, and newspaper					Yes		Yes		R 668 380.00

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	
			advertisement , marketing and promotions) for a period of 36 months			15/07/2022	14/07/2025					
32	RLM/BTO/0010/20 19/20	Purpletech Civil solutions	Appointment of One or more service providers for the supply and delivery of cleaning material as and when required for a period of 3 years		Rates	05/05/2021	04/05/2024	Yes		Yes		R508 654.90
33	RLM/BTO/0010/20 19/20	R and M Faithful Computers	Appointment of One or more service providers for the supply and delivery of cleaning material as and when required for a period of 3 years		Rates	05/05/2021	04/05/2024	Yes		Yes		R734 118.84

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	
34	RLM/BTO/0010/2019/20	Omolemo Ogothe Holdings	Appointment of One or more service providers for the supply and delivery of cleaning material as and when required for a period of 3 years			05/05/2021	04/05/2024		No	Yes		R 1 788 791.05
35	RLM/DTIS/0016/2021/22	Adams Construction	Provider for MV and LV Joints and Termination	As and when required	No value	15 July 2022	15 July 2025	YES		YES		In progress
36	RLM/DTIS/0016/2021/22	Tocasa Group Pty (Ltd)	Provider for MV and LV Joints and Termination	As and when required	No value	15 July 2022	15 July 2025	YES		YES		In progress
37	RLM/DTIS/0025/2021/22	CIGI Cell Pty (Ltd)	Proposal for funding, design, supply, installation and maintenance of a smart revenue collection system including customer payment options	As and when required	No value	14 July 2022	14 July 2025	YES		YES		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	
38	RLM/DTIS/0020/2020/21	CDR Electrical Pty (Ltd)	Provision, supply and delivery of labour on electrical maintenance	As and when required	No value	10 February 2022	10 February 2025	YES		YES		In progress
39	RLM/DTIS/0020/2020/21	Lermat construction and projects	Provision, supply and delivery of labour on electrical maintenance	As and when required	No value	14 February 2022	14 February 2025	YES		YES		In progress
40	RLM/DTIS/0020/2020/21	Mill board trading and nghilazi JV	Provision, supply and delivery of labour on electrical maintenance	As and when required	No value	10 February 2022	10 February 2025	YES		YES		In progress
41	RLM/DTIS/0102/2021/22	Rebaone Electrical and construction Pty (LTD)	Provision, supply and delivery of labour on electrical maintenance	R1 538 061.75	No value	15 July 2022	15 July 2025	YES		YES		In progress
42	RLM/DTIS/0014/2021/22	L & B Procuring and services	Design, install and test substation earthing at MUNIC and Park substations	As and when required	No value	14 July 2022	14 July 2025	YES		YES		In progress
43	RLM/DTIS/0013/2021/22	Musenga Investment	Distribution and street light poles	As and when required	No value	14 July 2022	14 July 2025	YES		YES		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	
44	RLM/DTIS/0012/2021 /22	Esbar Holding	Miniature substation, ring main unit, metering unit, distribution of transformers, plinths and TRF oil	As and when required	No value	14 July 2022	14 July 2025	YES		YES		In progress
45	RLM/DTIS/0012/2021 /22	Jusben Engineering services	Miniature substation, ring main unit, metering unit, distribution of transformers, plinths and TRF oil	As and when required				YES		YES		In progress
46	RLM/DTIS/0012/2021 /22	Musenga Investment	Miniature substation, ring main unit, metering unit, distribution of transformers, plinths and TRF oil	As and when required	No value	14 July 2022	14 July 2025	YES		YES		In progress
47	RLM/DTIS/0014/2021 /22	Esbar Holding	Supply and delivery of Crimping lugs and ferrules	As and when required	No value	14 July 2022	14 July 2025	YES		YES		In progress

NO.	BID NUMBER	SERVICE PROVIDER	TYPE OF SERVICE/ NAME OF PROJECT	BUDGET ALLOCATION	CONTRACT VALUE	COMMENT DATE	EXPIRY/ COMPLETION DATE	SLA SIGNED		SPECS MET		STATUS/ ACTUAL PERFORMANCE
								YES	NO	YES	NO	
48	RLM/DTIS/0014/2021/22	L & B Procuring and services	Supply and delivery of Crimping lugs and ferrules	As and when required	No value	14 July 2022	14 July 2025	YES		YES		In progress

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

(PERFORMANCE REPORT PART II)

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

WORKFORCE TOTALS ON 2022/03/31 (New Structure)

Table 4.1 Workforce Totals

Directorate	Division	No of posts	No Employees	Vacancies	Budgeted Vacancies
Community Development	Director & Admin Support	7	2	5	2
	Community Facilities	603	197	406	64
	Libraries & Information Serv.	94	54	40	11
	Waste Management	305	138	167	24
	Integrated Environmental Mang	5	4	1	0
	Civil Facilities & Maintenance	40	22	18	18
	Sub-Total	1054	417	637	119
Corporate Support Services	Director & Admin Support	4	2	2	1
	Human Resources	37	21	16	4
	Information Technology	19	12	7	1
	Admin Support Services	37	26	11	1
	Occupational Health & Safety	19	9	10	0
	Sub-Total	116	70	46	7
	Director & Admin Support	8	5	3	2
	Electrical Engineering	235	103	132	32

Directorate	Division	No of posts	No Employees	Vacancies	Budgeted Vacancies
Infrastructure Services	Mechanical Engineering	77	34	43	16
	Water Services	317	217	100	0
	Sanitation Services	303	25	278	26
	Sub-Total	940	384	556	76
Planning and Human Settlement	Director & Admin Support	9	6	3	1
	Building Control & Regulations	15	13	2	3
	Development Planning	31	21	10	3
	Unit Housing	40	30	10	2
	Estate Admin & Land Sales	15	7	8	1
	Sub-Total	110	77	33	10
Public Safety	Director & Admin Support	8	7	1	3
	Emergency & Disaster Mang.	363	80	283	25
	Licensing & Testing	178	70	108	12
	Traffic Services	505	101	404	21
	Law Enforcement	524	88	436	14
	Sub-Total	1578	346	1232	75
Budget and Treasury	CFO & Admin Sup	5	5	0	1
	Revenue & collection	86	31	55	11
	Billing	61	36	25	6
	Financial Management	59	28	31	6
	Financial Control	22	14	8	3

Directorate	Division	No of posts	No Employees	Vacancies	Budgeted Vacancies
	Supply Chain Management	29	25	4	3
	Sub-Total	262	139	123	30
Local Economic Development	Director & Admin Support	4	4	0	0
	Trade & Invest/Rural Dev	11	4	7	0
	Economic Research & Policy	10	4	6	0
	Enterprise Development	16	8	8	2
	Sub-Total	41	20	21	2
Office of the Municipal Manager	MM & Admin Support	5	5	0	1
	Strategy & Planning	9	4	5	0
	Project Management	26	14	12	2
	Legal & Valuation	9	8	1	0
	Auditing	8	7	1	0
	Risk Management	4	2	2	0
	RCC Offices	38	23	15	6
	Customer Care	53	24	29	2
	Sub-Total	152	87	65	11
Roads and Transport	Director & Admin Support	12	7	5	3
	Roads & Stormwater	228	136	92	27
	Sub-Total	240	143	97	30
Office of the Executive Mayor	Admin Support Services	16	12	6	1
	Mayoral Admin Officer	10	8	4	0
	Communication	7	2	5	0

Directorate	Division	No of posts	No Employees	Vacancies	Budgeted Vacancies
	Intergovernmental Relations	3	2	1	0
	Special Projects	7	6	1	0
	VIP Protection Services	4	4	0	2
	Monitoring & Evaluation	6	2	4	0
	Sub-Total	53	36	21	3
Office of Chief Whip	Admin Support Services	5	1	4	3
Office of the Speaker					
	Admin Support Services	17	4	13	1
	MPAC	7	5	2	1
	Sub-Total	29	10	19	5
	TOTAL	4574	1729	2850	368

Table 4.2 Vacancy Rate = 62.3%

Vacancy Rate: 2022/2023				
No	Designations	No. of approved posts	No. of vacancies	Vacancy Rate (%)
1	Municipal Manager	1	0	0%
2	Chief Financial Officer	1	0	0%
3	Other section 56 Managers	7	3	43%
5	Senior Management	42	6	14%
6	Professionals	400	148	37%
7	Skilled people	1904	1443	76.%
8	Semi-skilled people	967	472	48.%
9	Unskilled	1252	778	62%
TOTALS		4574	2850	62.3%

Table 4.3 Turn-over Rate

Turn-over Rate			
Period	No. of Employees as at the beginning of the financial year	No of terminations during the financial year	Turnover Rate*
2013/2014	1 646	88	5.35%
2014/2015	1 784	206	11.55%
2015/2016	1 735	64	3.59%
2016/2017	1 838	107	5.82%
2017/2018	1 753	67	3.82%
2018/2019	1 754	48	2.74%
2019/2020	1 742	40	2.30%
2020/2021	1702	108	6.49%
2021/2022	1594	144	9%
2022/2023	1729	144	8%

4.4 MINIMUM COMPETENCIES

Table 4.4.1 Minimum Competencies

No.	Detail	Number of Employees
1	The total number of financial officials employed	118
2	The total number of financial officials whose competency assessments have been completed	20
3	The total number of supply chain management officials employed	25
4	The total number of supply chain management officials whose competency assessments have been completed	3
5	The total number of financial officials and supply chain management officials that meet the prescribed competency levels	3
6	The total number of financial officials and supply chain management officials whose performance agreements comply with regulation 16.	2

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

4.6 EMPLOYEE EXPENDITURE

INTRODUCTION

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

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

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

Number of Employees whose Salaries were increased:

Table 4.9 Salary Increases

	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

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										Africa n		Colour ed		Asia n		Whit e		
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F	
ORHVS Pykay Consulting & Projects Mr Sello Modiba	2022/07/18 -22	Baepanye M	Electrical Engineering						1						1							
		Lloyd M	Electrical Engineering						1							1						
		Mabunda T L	Electrical Engineering						1							1						
		Monareng K D	Electrical Engineering						1							1						
		Msibi V B	Electrical Engineering						1							1						
		Boshego S M	Electrical Engineering						1							1						
		Radebe K	Electrical Engineering						1								1					
		Letsoalo S A	Electrical Engineering						1							1						
		Mmbi A C	Electrical Engineering						1								1					
		Molefe L R	Electrical Engineering						1							1						
Basic Plumbing Dee-Bravo Taining Centre Mr Sello Modiba	2022/08/18 -22	Kompe E V	Water						1							1						
		Mogorosi B	Water						1								1					
		Dimpane E M	Water						1								1					
		Diale T	Sanitation						1							1						
		Mataboge T	Sanitation						1							1						
		Motlogelwa A T	Civil Facilities						1							1						

	Lekorwe K	Civil Facilities					1						1						
	Mooketsi N M	Water					1							1					
	Kruger B	Water					1						1						
	Kibinyane S J	Parks					1						1						
	Letsholo A K	Water					1							1					
	Kole O M	Water					1							1					
	Jautse B F	Water					1							1					
	Botlhoko J	Parks					1							1					
	Serokwanyan e W	Parks					1							1					
	Dingezweni P	Water					1							1					
	Mafora M	Housing			1										1				
	Mogapi T M	Water					1							1					
	Mothibe P M	Water					1							1					
	Modisane V	Water					1							1					

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										Africa n		Coloured		Asia n		White	
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	F	M	F	M
Laying of Paving Dee-Bravo Training Centre	2022/08/23-26	Motlhage P	Roads							1				1							
		Phirichwane T V	Roads							1						1					
		Diamond T H	Roads							1					1						
		Stemmer P T	Roads							1						1					
		Mabiletsa S P	Roads							1						1					
		Bothoko N E	Roads							1						1					
		Makhobotloane A G	Roads							1						1					
		Makwakwa A	Roads							1					1						
		Mataboge E S	Roads							1						1					
		Kedisitse T S	Roads							1						1					
		Maledu I L	Roads							1						1					
		Lekadi J K	Roads							1						1					
		Moketi J K	Roads							1						1					
		Dladla Z C	Roads							1						1					
		Motswabangwe T S	Roads							1						1					
		Mabeo C T	Roads							1						1					
		Noto M	Roads							1						1					
		Bolokoe M J	Roads							1						1					
Mwase C	Roads							1					1								
Malinga C B	Roads							1						1							
Laying of Stormwater Pipes Pykay Consulting & Projects	2022/08/30 - 2022/02/09	Mwase C	Roads							1				1							
		Nkgoyini D	Roads							1				1							
		Mogari D	Roads							1				1							
		Motlhage P	Roads							1				1							
		Molotsi I G	Roads							1				1							

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										Africa n		Coloured		Asia n		Whit e	
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F
Induction Training Mr Bard Mtyotja	2022/09/8-9	Khunou R	Electrical						1					1							
		Tyobeka L K	Financial Admin	1												1					
		Mpofu D	Community Facilities					1									1				
		Mashaba L V	Electrical						1								1				
		Bogatsu A K M	Law Enforcement				1											1			
		Ramokgadi T T	Billing	1												1					
		Barnard N C	RCC										1			1					
		Semaushu O B	Licencing				1										1				
		Kuate K	Licencing				1										1				
		Letoaba	Electrical						1									1			
		Sephiri K O	Billing	1													1				
		Maduna V M	Community Facilities					1										1			
		Lekala L P	Electrical						1									1			
		Mosweu A M	Electrical													1					
		Diphoko L M	Mechanical							1								1			
		Mathabi M	Electrical							1								1			
		Ndlalane	Billing	1													1				
		Moloko J M	Electrical							1								1			
		Moagi M	Electrical							1								1			
		Kgosiemang F K	Testing				1											1			

Kgosiemang G F	Electrical						1						1					
Motsiane SM	Traffic Services				1								1					
Buhlungu L	Traffic Admin				1								1					
Mokate L L	Traffic Admin				1								1					
Tong P T	Electrical						1							1				
Mokhudu P S	RCC									1				1				
Letlape T T	Licencing				1									1				
Tlhaganeng K P	Licencing				1									1				
Tshalatsi T F	Electrical						1							1				
Mosuwe I T	Community Facilities					1									1			

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										Africa n		Colour ed		Asia n		Whit e	
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F
Induction Training Mr Bard Mtyotja	2022/09/8-9	Mathole K	Roads							1					1						
		Thibedi O	Creditors	1											1						
		Ratshomole	Electrical						1						1						
		Mojelo T	Electrical						1						1						
Ms Excel Basic-Advanced Greenview Training & Development Mr Kenneth Muzinguzi	2022/10/31 - 2022/11/01	M Mabe	Human Resource									1				1					
		M Moagi	Human Resource									1					1				
		T Senosi	Human Resource									1				1					
		R Mogaole	Human Resource									1					1				
		S Mataboge	Human Resource									1					1				
	2022/11/02 2022/11/9-10	MR Diale	Library					1										1			
		EM Moagi	Library					1								1					
		NK Motlhaping	Library					1										1			
		T Khumoeng	Admin Support	1												1					
		J F Dudhia	Financial Management	1																1	
		M Kotsie	Financial Management	1														1			
		T Mathuloe	Financial Management	1												1					
		N Mofokeng	Financial Management	1														1			
		J Mosime	Financial Management	1														1			

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										Africa n		Colour ed		Asia n		Whit e					
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F				
Bid Committee Training Skills Catalyst Consultation Mr Stev GD Tsiloane	2022/11/02-04	O Serole	SCM	1													1								
		M O Moleele	Roads							1								1							
		M M Mongale	Planning				1											1							
Local Labour Forum Training – SALGA	2022/11/08-09	B Mtyotja	HRD														1								
Hazard Identification Risk Assessment (HIRA) Nonunu Project (PTY) Ltd Mr Mojalefa	2022/11/23-25	F Botha	Electrical							1														1	
		A Stols	Electrical							1															1
		R C Sekhaolelo	Electrical							1									1						
		I C Diale	Electrical							1									1						
		O M Kole	Water							1									1						
		S L Mashiane	Sanitation							1									1						
		A O Mataboge	Sanitation							1									1						
		D K Moatshe	Water							1									1						
		T Okeke	Water							1									1						
		M B Makhado	Water							1									1						
		P K Mogale	Sanitation							1									1						
		G M Matabane	Sanitation							1									1						

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										Africa n		Colour ed		Asia n		Whit e			
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	F	M	F	M	F	
Call Centre Management Nonunu Projects (Pty) Ltd Mr Moja Motloung	2022/12/7-9	C D Moswabe	Sports Facilities					1							1								
		S B Motshegwa	Sports Facilities					1								1							
Mentoring and Coaching Thuto-Botshabelo Training & Projects Mr Moja Motloung	2022/12/7-9	B M Thabane	Sanitation						1						1								
		M B Mesesa	Special Projects										1	1									
		P O Mokgoje	PMU									1			1								
		K M Gaesale	PMU									1			1								
		N R Ledingwane	Special Projects											1		1							
		L Katane	Admin Support		1										1								
		FV Nontyi	Housing			1									1								
		L Magale	Admin Support						1						1								
		J Manthata	Admin Support									1				1							
		S Dube	Admin Support		1											1							
		T Motsuenyan e	Enterprise Dev.			1											1						
		K L Genge	Enterprise Dev.			1										1							
		R Monageng	Financial Control		1												1						
		R Rakoma	OHS									1					1						
		T N Thebe	OHS									1					1						
M M Setshogoe	OHS										1			1									

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										Africa n		Colour ed		Asia n		Whit e			
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F		
Ms Excel Intermediate And Advanced Nonunu Projects (Pty) Ltd	2023/02/1-3	K Asieng	IEM												1								
		F Maloma	Waste Management					1									1						
		S Patel	Waste Management					1													1		
		N C Mmemezi	IGR											1		1							
		P M Makona	Admin Support									1				1							
		T M Masia	Human Resource									1				1							
		M V Mazibuko	EAP									1				1							
		P M Sekete	Legal										1			1							
		P Gona	Legal										1			1							
		L Mohlabi	Human Resource										1			1							
G P Chauke	Human Resource										1			1									
Local Government Admin Vuma Projects (Pty) Ltd Mr Shepherd	2023/03/8-10	K A Mbanswa	Library					1							1								
		I B Morolong	Library					1							1								
		N M Tshimola	IGR												1								
		N I Molemane	Mechanical												1								
		E P Moremi	Admin Support				1								1								
		K C Keasitse	Roads								1				1								
		T P Mokgophe	Call Centre										1		1								
EM Motshewwa	Disaster Mng				1								1										

	E J Ernst	Planning			1								1						
	M M Rampa	Mechanical					1							1					
	E M Mafora	Housing			1									1					
	N L Wolmarans	Housing			1									1					
	S Ramotswabang	Building Control			1										1				
	J K Magalefa	IGR										1	1						
	K G Asieng	IEM					1								1				
	M P Masheke	Civil Facilities					1								1				
	M M Setshogoe	OHS								1				1					
	L Motsie	Swimming Pools					1								1				
	N L Mahlatsi	Swimming Pools					1								1				
	S Nawa	Estates			1										1				
	M G Taukobong	Fire				1										1			

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										Africa n		Coloure d	Asia n		Whit e				
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F		
Induction Mr Bard Mtyotja	2023/06/7-9	Mogakabe L S	Parks & Cemeteries					1								1							
		Clerence A	Parks & Cemeteries					1									1						
		Ditloge J J	Waste Management					1									1						
		Boikanyo K B	Waste Management					1									1						
		Tlhabane K S	Waste Management					1									1						
		Mnyamezeli S	Waste Management														1						
		Sebego O M	Halls					1										1					
		Kanduwa J G	Civic Centre					1										1					
		Keasitse K C	Roads									1						1					
		Mogafe T C	Roads									1						1					
		Mthombeni S P	Roads									1						1					
		Podile T	Roads									1						1					
		Ncgobo N H	Roads									1							1				
		Phirichwane T V	Roads									1							1				
		April A K	Roads									1						1					
Induction Mr Bard Mtyotja	2023/06/21-23	Segale K	RRT							1						1							
		Gwemtu A	RRT							1							1						
		Mpete P	RRT								1							1					
		Mdluli L	RRT								1							1					
		Tofu SN	RRT								1							1					

		Nhlebeya N	Water						1					1					
		Mogwara H N	RRT							1				1					
		Makgamatha O T	RRT												1				
		Motene R C	RRT							1					1				
		Weyi P M	Law Enforcement				1								1				
		Magale O A	RRT							1					1				
		Mokgatle B	Admin Support	1											1				
		Lesejane L	Financial Control	1												1			
		Modisakeng T	Admin Support				1								1				
		Ngobeni B	Water							1					1				

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										Africa n		Colour ed		Asia n		Whit e			
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F		
Principles of Supervision Mr Sekhu Thuto-Botshabelo Training & Projects	2023/07/21-23	Pule N K	Civil Facilities					1									1						
		Masheke MP	Civil Facilities					1										1					
		Clarence JM	Parks					1									1						
		Motshegwe SB	Swimming Pool					1									1						
		Ntlebi MC	Olympia					1									1						
		Mosupi DC	Roads								1						1						
		Ramaboa GL	Waste					1									1						
		Molosi MK	Waste					1									1						
		Motale MC	Waste					1									1						
		Mogakabe L	Parks					1									1						
		Diamond TH	Roads								1						1						
		Taukobong RI	Roads									1						1					
		Motswabang TS	Roads										1						1				
		Sebidi EM	Library					1										1					
		Sebego OM	Halls					1										1					
		Kaunduwa JG	Civic Centre					1										1					
		Mwase C	Roads									1					1						
Mosome N	Call Centre											1				1							
Working @ Heights Mr Sello Modiba	2023/06/28-30	Monosi CK	Civil Facilities					1									1						
		Ndlovu C	Civil Facilities					1									1						
		Mogapi T	Civil Facilities					1									1						

Ramotshakane Consulting & Projects	Lekorwe K	Civil Facilities						1							1						
	Louw HA	Civil Facilities						1											1		
	Moatisi T	Civil Facilities						1							1						
	Letsholo KR	Civil Facilities						1								1					
	Motsuenyane MS	Civil Facilities						1							1						
	Motlogelwa A	Civil Facilities						1							1						
	Kgomo BB	Civil Facilities						1							1						
	Mashala AI	Civil Facilities						1							1						
	Pile NK	Civil Facilities						1									1				
	Lebang ME	Civil Facilities						1									1				
	Leburu KG	Civil Facilities						1									1				

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										Africa n		Colour ed		Asia n		Whit e	
				BT O	LE D	PH S	P S	C D	TI S	RR T	DC S	M M	EX C	M	F	M	F	M	F	M	F
Working @ Heights Mr Sello Modiba Ramotshakane Consulting & Projects	2023/06/28- 30	Matlapeng EB	Civil Facilities					1							1						
		Ngqola BH	Civil Facilities					1									1				
		Chirwa L	Civil Facilities					1								1					
		Kwele PM	Civil Facilities					1									1				
Monitoring & Evaluation Mr Glen Ncala Nonunu Projects (Pty) Ltd	2023/06/28- 30	Dithebe O	Swimming Pool					1							1						
		Rakubane MS	RCC									1			1						
		Ramokgadi NE	Administration				1										1				
		Moretsi W	Waste					1							1						
		Barnard AM	Estates			1														1	
		Manyike PT	Fleet Management							1								1			
		Oor MA	Administration				1									1					
		Lekote JC	Law Enforcement				1											1			
		Shingange RD	Waste					1													
		Gause MJ	Administration				1														
		Weyi PM	Law Enforcement				1												1		
		Ngobeni B	Water							1						1					
		More ME	Fire Serviees				1											1			
Road Markings and Road Signs	2023/07/5-7	Banda GM	Roads								1						1				
		Banda I	Roads								1						1				
		Tshite TG	Roads									1				1					

COURSE ATTENDED	DATE	NAME	DIVISION	DIRECTORATES										African		Coloured	Asian			White				
				BT	LE	PH	P	C	TIS	RR	DC	M	EX	1	F	M	F	M	F	M	F			
				O	D	S	S	D		T	S	M	C											
Road Markings and Road Signs Thuto-Botshabelo (Pty) Ltd	2023/07/5-7	Maema AO	Roads								1				1									
		Makodi PK	Roads									1				1								
		Rampopo KA	Roads									1				1								
		Lefsine	Roads									1				1								
Medium Voltage Systems	2023/07/12-14	Bergh V P	Electric al							1					1									
		Botha F T	Electric al								1					1								
		Ramorula T T	Electric al								1					1								
		Gumede M R	Electric al								1						1							
		Morobane N J	Electric al								1							1						
		Mampane K L	Electric al								1					1								
		Raphadu M C	Electric al								1					1								
		Mosetle M L	Electric al								1							1						
		Ntandane Z L	Electric al								1					1								
		Mpipi T	Electric al								1					1								
		Mbelekwane T	Electric al								1					1								
		Motshegare R E	Electric al								1					1								

CHAPTER FIVE: STATEMENT OF FINANCIAL PERFORMANCE

COMPONENT A: FINANCIAL PERFORMANCE

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

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

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

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

Total Revenue (including Gains and Fair Value Adjustments) increased by R820 792 000 to R7 000 394 000 in 2022/23 compared to 2021/22 financial year. The expenditure for 2022/23 has increased by R384 405 000 to R6 218 033 compared to the actual of 2021/22 and this is mainly as a result of additional impairment provided for outstanding debtors in line with GRAP 104. The net operations resulted in a surplus of R146 823 000 in 2022/23.

STATEMENT OF FINANCIAL PERFORMANCE

Table 5.1 Financial Performance

Description	Controlling entity	
	2023 R'000	2022 Restated R'000
Total revenue	7 000 394	6 218 033
Total expenditure	(5 991 185)	(6 008 554)
Surplus (deficit) for the year	1 009 209	209 479

Overall Operating Results

Operating Revenue

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

Table 5.2.1 Breakdown of the Largest Categories of Revenue Economic entity

	2023 R'000	2022 R'000
Revenue from exchange transactions		
Service Charges	4 395 411	4 094 168
Rental of Facilities and Equipment	9 596	11 447
Interest Received from Trading Activities	481 957	404 002
Agency Services	18 100	33 406
Licences and Permits	6 707	23 931
Other Income	21 076	16 039
Interest Received (Other)	55 368	29 122
Property Rates	493 534	501 206
Government Grants & Subsidies	1 596 572	1 166 982
Fines, Penalties and Forfeits	19 312	19 427

Gains on disposal of asset	4	9
Fair Value Adjustments	-	11
Actuarial profit / Loss	35 957	13 052
Grand Total Revenue	7 133 594	6 312 802

Figure 5.1.1 Revenue

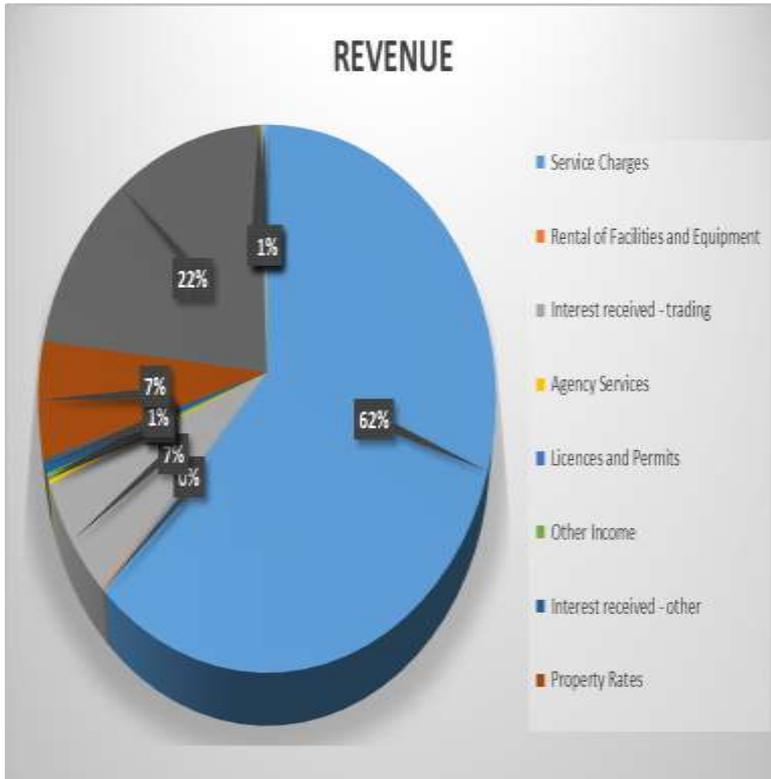
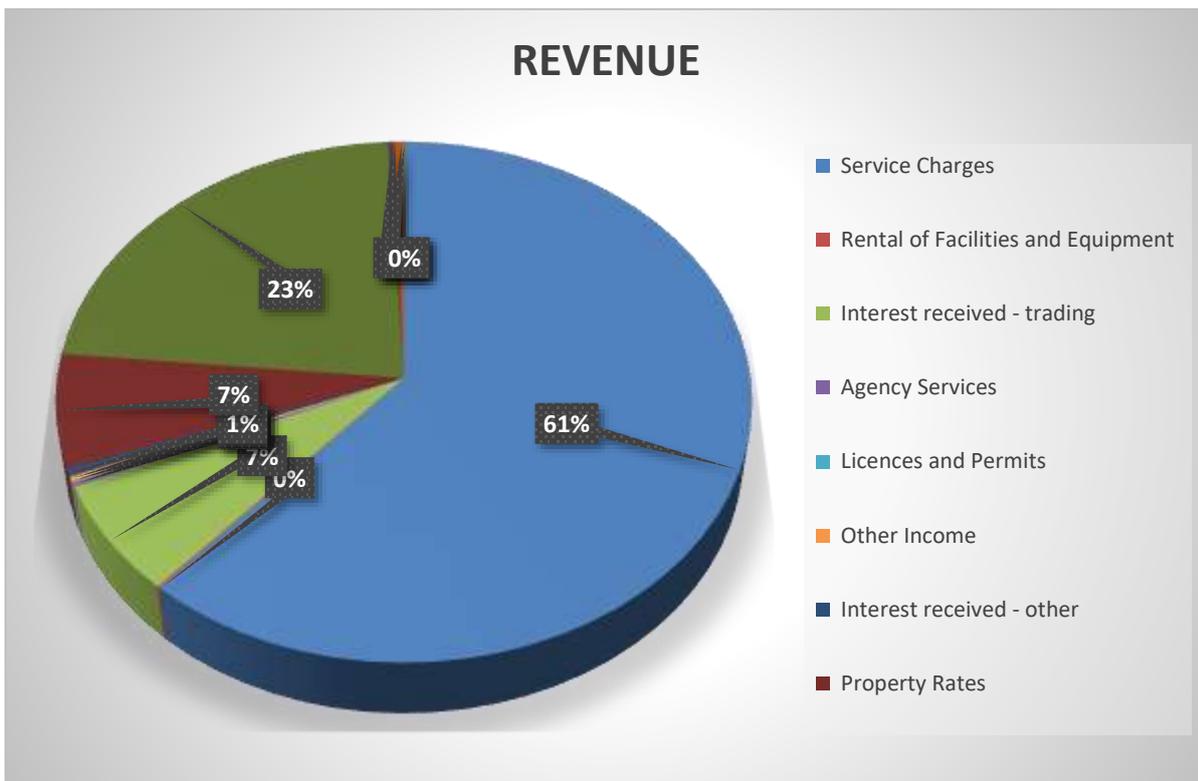


Table 5.2.2 Breakdown of the Largest Categories of Revenue Controlling entity

Revenue	2023	2022
	R'000	R'000
Revenue from exchange transactions		
Service Charges	4 317 654	4 018 522
Rental of Facilities and Equipment	9 596	11 447
Interest Received from Trading Activities	481 957	404 002
Agency Services	18 100	33 406

Licences and Permits	6 707	23 931
Other Income	21 076	16 039
Interest Received (Other)	35 886	23 071
Property Rates	493 534	501 206
Government Grants & Subsidies	1 596 572	1 166 982
Fines, Penalties and Forfeits	19 312	19 427
Fair Value Adjustments	-	11
Actuarial profit / Loss	35 957	13 052
Grand Total Revenue	7 036 351	6 231 096

Figure 5.1 Revenue



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

REVENUE SOURCE	30/06/2023	30/06/2022	30/06/2021
Service Charges	4 317 654	4 018 522	3 040 888
Rental of Facilities and Equipment	9 596	11 447	10 010
Interest received - trading	481 957	404 002	334 744
Agency Services	18 100	33 406	26 858
Licences and Permits	6 707	23 931	2 760
Other Income	21 076	16 039	16 516
Interest received - other	35 886	23 071	17 250
Property Rates	493 534	501 206	425 268
Government Grants and Subsidies Received	1 596 572	1 166 982	1 308 925
Fines, Penalties and Forfeits	19 312	19 427	16 284
Fair value adjustments	-	11	21
Actuarial gains	35 957	13 052	19 519
Public contributions	-	-	-
TOTAL REVENUE (INCLUDING GAINS & FAIR VALUE ADJUSTMENTS)	7 036 351	6 231 096	5 219 043
REVENUE COLLECTION	6 110 829	5 222 544	4 384 748
PERFORMANCE FOR REVENUE COLLECTION PER SOURCE	87%	84%	84%

The municipality's performance for revenue collection is 87%, which has increased from the previous financial year by only 3%, it is far below the benchmark of 95% by 8%. The municipality will continue to intensify credit control measures with the objective of improving long term sustainability.

REVENUE PER VOTE

30 June 2023

Vote 1 - EXECUTIVE MAYOR	42 286
Vote 2 - MUNICIPAL MANAGER	659 837
Vote 3 - CORPORATE SUPPORT SERVICES	6 964
Vote 4 - BUDGET AND TREASURY	607 073
Vote 5 - PUBLIC SAFETY	51 658
Vote 6 - PLANNING AND HUMAN SETTLEMENT	6 329
Vote 7 - LOCAL ECONOMIC DEVELOPMENT	6 329
Vote 8 - COMMUNITY DEVELOPMENT	72 240
Vote 9 - TECHNICAL AND INFRASTRUCTURE	5 583 634
TOTAL REVENUE (INCLUDING GAINS AND FAIR VALUE ADJUSTMENTS)	7 036 351

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

	30 June 2023	30 June 2022	30 June 2021
	R'000	R'000	R'000
Gross balances			
Consumer debtors - Rates	575 882	572 839	472 893
Consumer debtors - Electricity	570 421	884 716	899 114
Consumer debtors - Water	1 515 873	2 288 073	1 806 983
Consumer debtors - Sewerage	401 588	567 273	488 867
Consumer debtors - Refuse	480 535	604 167	520 413
Consumer debtors - Other	2 861 796	467 326	2 030 152
	6 406 095	5 384 394	6 218 422
Less: Impairment of debtors			
Consumer debtors - Rates	- 546 859	- 530 107	- 434 630
Consumer debtors - Electricity	- 483 534	- 801 081	- 768 002
Consumer debtors - Water	- 1 488 943	- 2 264 703	- 1 803 701
Consumer debtors - Sewerage	- 392 263	- 563 366	- 480 840
Consumer debtors - Refuse	- 471 721	- 597 642	- 515 073
Consumer debtors - Other	- 2 827 206	- 368 662	- 2 021 667
	- 6 210 526	- 5 125 561	- 6 023 913
Net balances			
Consumer debtors - Rates	29 023	42 732	38 263
Consumer debtors - Electricity	86 887	83 635	131 112
Consumer debtors - Water	26 930	23 370	3 282
Consumer debtors - Sewerage	9 325	3 907	8 027
Consumer debtors - Refuse	8 814	6 525	5 340
Consumer debtors - Other	34 590	98 664	8 485
	195 569	258 833	194 509

Percentage Decrease Net balance 2021 to 2022	33%
Percentage Decrease Net balance 2022 to 2023	-24%

Operating Expenditure

The graph below gives the break down per main expenditure group

Table 5.3.1 Breakdown per main expenditure group (Economic Entity)

Expenditure	2023	2022
	R'000	R'000
Employee Related Costs	-843 619	-763 399
Remuneration of Councillors	-62 043	-59 114

Expenditure		2023	2022
Depreciation and Amortisation		-429 702	-601 778
Impairment loss		-974 009	-579 462
Finance Costs		-58 018	-60 978
Bulk Purchases		-3 617 809	-3 431 250
Contracted Services		-373 054	-212 409
Transfers and Subsidies		-135 282	-63 067
General Expenses		-493 235	-830 909
Total expenditure		-6 986 771	-6 602 366

Table 5.3.2 Breakdown per main expenditure (Controlling Entity)

Expenditure		2023	2022
		R'000	R'000
Employee Related Costs		-838 812	-760 217
Remuneration of Councillors		-62 043	-59 114
Depreciation and Amortisation		-396 970	-567 576
Impairment loss		-972 197	-579 779
Finance Costs		-58 018	-60 970
Bulk Purchases		-3 782 064	-3 576 974
Contracted Services		-373 054	-212 409
Transfers and Subsidies		-135 282	-68 152
General Expenses		-344 942	-703 142
Total expenditure		-6 963 382	-6 588 333

Figure 5.2.1 Analysis of financial position of Economic entity as at the 30 June 2023

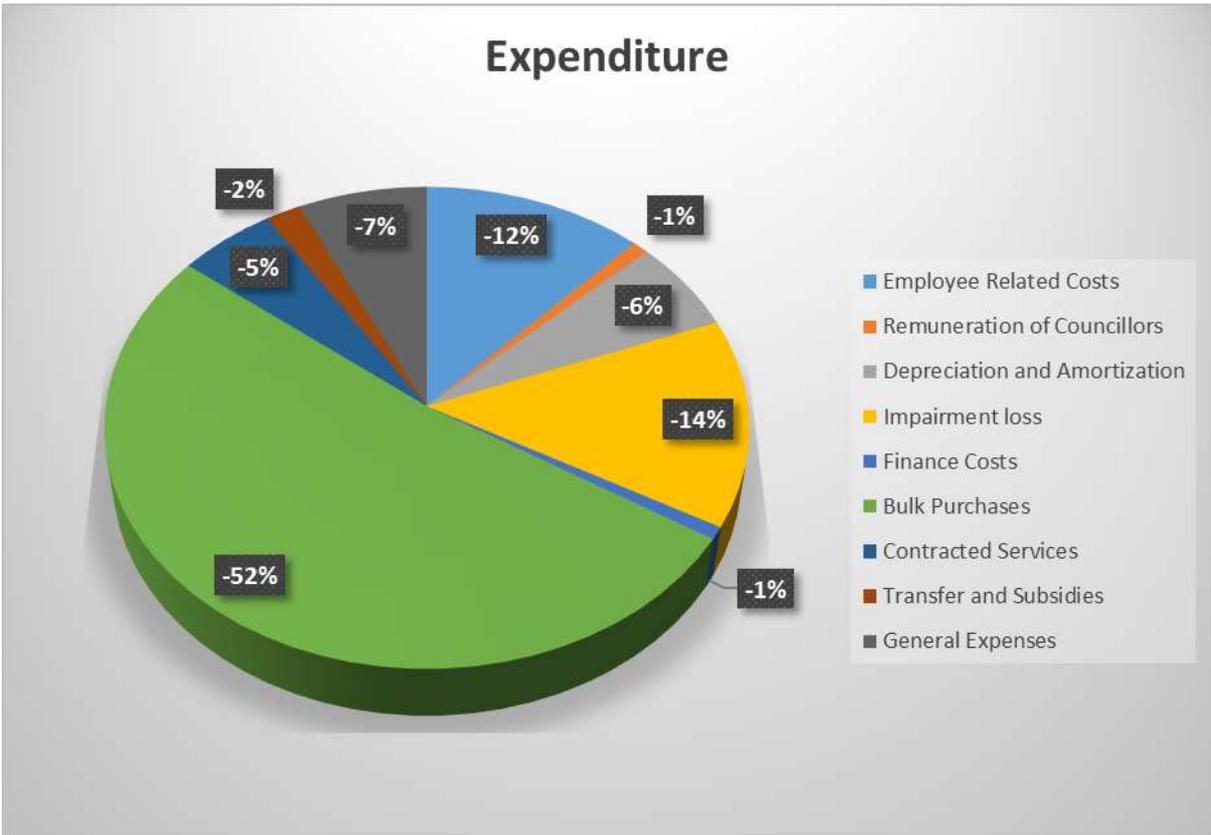


Figure 5.2.2 Analysis of financial position of Controlling entity as at the 30 June 2023

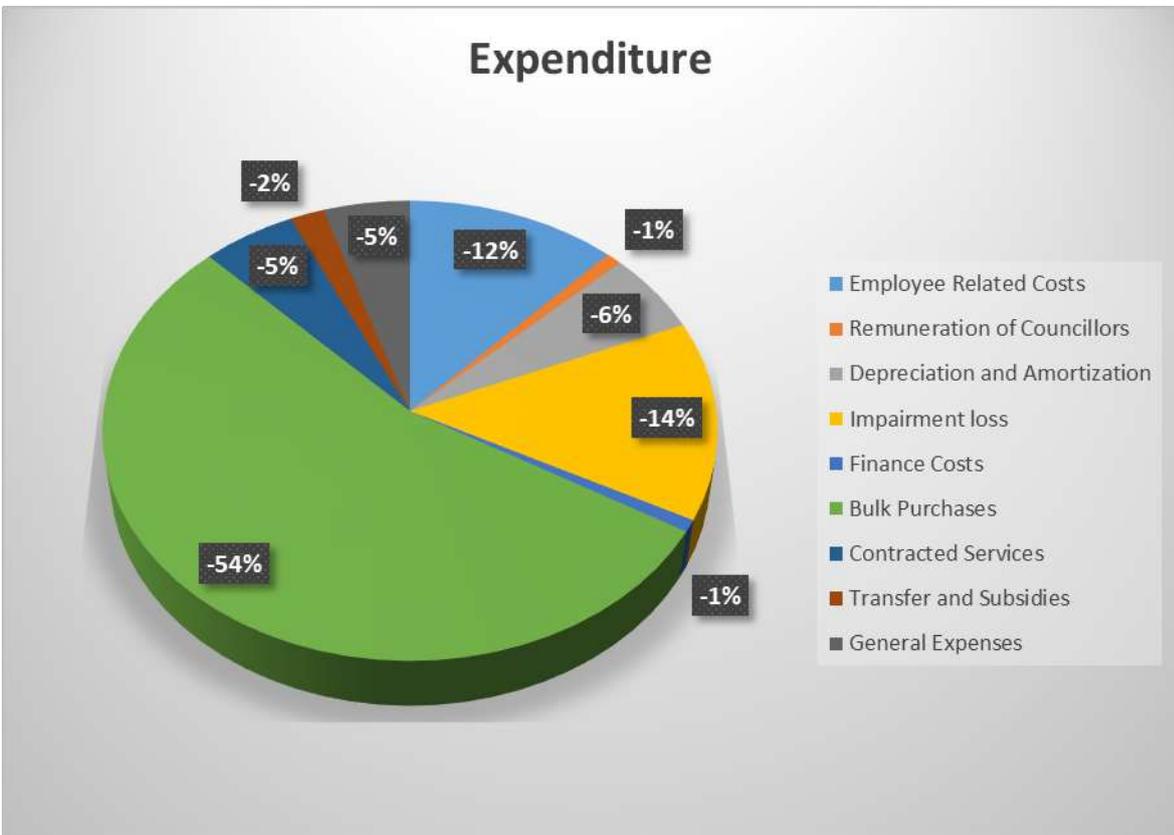


Table 5.4 Asset Management

	Economic entity	
	2023	2022
Current Assets	1 143 362	1 140 420
Non-Current Assets	8 938 512	9 068 020
Total Assets	10 081 874	10 208 440
Current Liabilities	-1 584 969	-1 805 882
Non-Current Liabilities	-469 664	-521 365
Total Liabilities	-2 054 633	-2 327 247

	Controlling entity	
	2023	2022
Current Assets	745 009	876 110
Non-Current Assets	8 413 501	8 516 094
Total Assets	9 158 510	9 392 204
Current Liabilities	-1 706 230	-1 961 190
Non-Current Liabilities	-469 664	-521 365
Total Liabilities	2 175 894	2 482 555

EMPLOYEE RELATED COSTS

The actual expenditure on remuneration expressed as a percentage of the total expenditure has marginally increased from the previous year. The employee related costs including councilors' remuneration in 2022 and 2023 was at 12.44% and 12.94% respectively.

Table 5.5 Employee Related Costs

Description	Economic entity	
	2023	2022
	R'000	R'000
Total revenue (including gains)	7 133 594	6 312 802
Total expenditure (including losses)	(6 986 771)	(6 602 366)
Employee related costs	(843 619)	(763 399)
Remuneration of councilors	(62 043)	(59 114)
Total Employee Related Costs and Councilors Remuneration	(905 662)	(822 513)
Ratio: % of Revenue	12.70	13.03
Ratio: % of Expenditure	12.96	12.46
% growth in remuneration expenses	9.18	(1.32)

Description	Controlling entity	
	2023	2022
	R'000	R'000
Total revenue (including gains)	7 036 351	6 231 096
Total expenditure (including losses)	(6 963 382)	(6 588 333)

Description	Controlling entity	
	2023	2022
	R'000	R'000
Employee related costs	838 812	760 217
Remuneration of councilors	62 043	59 114
Total Employee Related Costs and Councilors Remuneration	900 855	819 331
Ratio: % of Revenue	12.80	13.15
Ratio: % of Expenditure	12.94	12.44
% growth in remuneration expenses	9.05	(1.32)

The following were the key financial ratios.

Table 5.6.1 Financial ratios – Economic entity

	2023	2022
Current ratio	0.72	0.63
Solvency Ratio	4.91	4.39
Debt (Total borrowings)/Total Operating Revenue	5%	6%
Total Long-Term debt to total revenue (excluding grants)	9%	10%
Capital cost (Interest paid and redemption) as a % of Total Operating Expenditure	1%	1%
Cash / Cost coverage ratio (Excluding unspent conditional grants)	2 Month	1 Month
Contracted Services % of Total Operating Expenditure	5%	3%
Capital expenditure to Total Operating Expenditure	4%	3%
Net Operating Surplus / (Deficit) Margin	1%	(-6) %
Cash and cash equivalent at the end of the year	832 039	755 237

Table 5.6 Financial ratios – Controlling entity

	2023	2022
Current ratio	0.44	0.45
Solvency Ratio	4.21	3.78
Debt (Total borrowings)/Total Operating Revenue	5%	6%
Total Long-Term debt to total revenue (excluding grants)	9%	10%
Capital cost (Interest paid and redemption) as a % of Total Operating Expenditure	1%	1%
Cash / Cost coverage ratio (Excluding unspent conditional grants)	2 Month	1 Month
Contracted Services % of Total Operating Expenditure	5%	3%
Capital expenditure to Total Operating Expenditure	4%	3%
Net Operating Surplus / (Deficit) Margin	1%	(-6) %
Cash and cash equivalent at the end of the year	451 764	513 386

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 with 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 updated and approved per item no. 92 dated 31st May 2022 by the Municipal Council. It makes provision for a committee system for competitive bids consisting of the following:

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

Bid Committee Meetings

The following table details the number of meetings held for the **2022/2023** financial year:

Table 5.7 Bid Committee Meetings

Bid Specification Committee	Bid Evaluation Committee	Bid Adjudication Committee
22	56	46

DEVIATIONS FROM NORMAL PROCUREMENT PROCESSES

Table 5.8 Deviations

Description	2022/23
Deviations approved by Accounting Officer in terms of section 12.22 of SCM policy	24

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

DISPOSAL MANAGEMENT

No disposables were carried out in the **2022/23** financial year.

BIDS AWARDED

Table 5.9 Bids Awarded

Description	2022/2023
Number of bids awarded	42
The total value of bids awarded	R 309 742 639.00
Number of bids awarded for capital projects	20
The total value of bids awarded for capital projects	R 287 660 018.57
Number of bids awarded for operational projects	22
Total value of bids awarded for operation projects	R 5 609 561.42 + Other bids were appointed on rates.
Number of bids awarded locally	31
Value of bids awarded locally	R 95 825 139.10
Number of bids awarded locally for capital projects	10
Value of bids awarded locally for capital projects	R 90 215 577.68
Number of bids awarded locally on Operational projects	21
Value of bids awarded locally on Operation projects	5 609 561.42. Other bids were appointed on rates.

QUOTATIONS AWARDED

Table 5.10 Quotations Awarded

Description	2022/2023
Number of quotations awarded	36
The total value of quotation awarded	R 5 988 948.05
Number of Quotations awarded locally	23
Value of Quotations awarded locally	5 620 048.05

INVENTORY MANAGEMENT

The stock balance after the annual stock count reflects Consumable stores at an amount of R18 097 000.00 and water at an amount of R752 000.00. The electrical equipment is treated as PPE in line with the Generally Recognized Accounting Practice. Unsold Properties Held for Resale reflects an amount of R28 360 000.00

CHAPTER SIX: AUDITOR GENERAL'S FINDINGS

6.1 AUDITOR GENERAL'S REPORT 2022/2023

Report of the auditor-general to North West Provincial Legislature and the council on Rustenburg Local Municipality

Report on the audit of the consolidated and separate financial statements

Qualified opinion

1. I have audited the consolidated and separate financial statements of Rustenburg Local Municipality and its subsidiary set out on pages 252 to 370, which comprise the consolidated and separate statement of financial position as at 30 June 2023, 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 notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Rustenburg Local Municipality as at 30 June 2023, and their financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP), the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act of 2022 (Dora).

Basis for qualified opinion

Property, plant and equipment

3. The municipality did not account for the work-in-progress (WIP) assets relating to internal services and bulk infrastructure, constructed as part of housing projects within its jurisdiction, as required by GRAP 17, *Property, plant and equipment*. I was unable to determine the full extent of the understatement of property, plant, and equipment, as it was impracticable to do so.
4. I was unable to obtain sufficient appropriate audit evidence that the bulk water assets of the Rustenburg Water Service Trust for the current and previous year had been correctly valued as the municipal entity did not revalue, neither review the residual values and useful lives of these assets at each reporting date as required by GRAP 17, *Property, plant and equipment*. The trust also did not align its accounting policy to that of the parent to ensure uniform accounting policies within the group, as required by GRAP 35, *Consolidated financial statements*. Consequently, I was unable to determine the full extent of the misstatement on the bulk water assets with the carrying amount of R525 514 000 (2022: R552 856 000) as disclosed in note 4 of the separate and consolidated financial statements,

as it was impracticable to do so. Furthermore, there was a resultant impact on the surplus for the period and the accumulated surplus.

Payables from exchange transactions

5. I was unable to obtain sufficient appropriate audit evidence for unallocated deposits included in payables from exchange transactions, due to the state of the underlying records and lack of information to support these amounts. I was unable to confirm these unallocated deposits by alternative means. Consequently, I was unable to determine whether any adjustments to unallocated deposits of R31 776 000 (2022: R91 054 000) included in payables from exchange as disclosed in note 22 to the consolidated and separate financial statements was necessary.

Consumer debtors

6. The allowance for impairment of consumer debtors was not done in accordance with the impairment methodology, resulting in the allowance for impairment included in consumer debtors and impairment loss as disclosed in note 35, being understated by R82 702 587. In addition, I was unable to obtain sufficient appropriate audit evidence that indigent debtors and consumer deposits included in consumer debtors had been properly accounted for, due to the status of the accounting records. I was unable to confirm these consumer debtors by alternative means. Consequently, I was unable to determine whether any adjustments to consumer debtors of R213 942 000 and R195 569 000, as disclosed in note 15 to the consolidated and separate financial statements were necessary.
7. The municipality did not accurately account for consumer debtors amounting to R6 424 468 000 and R6 406 095 000 as disclosed in note 15 to the consolidated and separate financial statements in accordance with GRAP 104, *Financial instruments*. Further, the municipality incorrectly included its own accounts under consumer debtors due to inadequate internal controls in place to ensure that they exclude their own accounts from revenue and receivables. Consequently, consumer debtors were overstated by R94 812 441, accumulated surplus overstated by R82 521 138, revenue from exchange transactions overstated by R7 833 857 and interest received overstated by R4 457 447.

Revenue from exchange transactions

8. The municipality did not accurately account for revenue from service charges in accordance with GRAP 9, *Revenue from exchange transactions*. Differences were identified between the billed water and the recalculation performed. The municipality also did not have adequate systems to estimate the billing of water, which resulted in differences between the estimated consumption billed and the recalculation performed. Consequently, the sale of water and service charges relating to water were overstated by R267 277 294. Furthermore, revenue from electricity charges and related consumer debtors were understated by R61 448 297 (2022: R98 107 278) and R61 448 297 (2022: R78 044 278) respectively due to lack of internal controls to ensure that all revenue from electricity billed is recorded. There was a resultant impact on the surplus for the period and the accumulated surplus. In addition, I was unable to obtain sufficient appropriate audit evidence for revenue from exchange transactions due to the state of the underlying records and lack of information supporting these amounts. I was unable to confirm these

revenue from exchange transactions by alternative means. Consequently, I was unable to confirm whether any further adjustments were necessary to service charges of R4 395 411 000 and R4 317 654 000 (2022: R4 094 168 000 and R4 018 522 000) as disclosed in note 25 to the consolidated and separate financial statements.

Consumer deposits

9. The municipality did not accurately account for consumer deposits amounting to R64 069 000 as disclosed in note 24 in accordance with GRAP 104, *Financial instruments*. Differences were identified between the consumer deposit recorded and recalculations performed on business accounts. The municipality also did not have adequate systems to perform this calculation, which resulted in consumer deposits and consumer debtors as disclosed in both notes 24 and 15 to the consolidated and separate financial statements, being understated by R81 663 523. Additionally, there was a resultant impact on the surplus for the period and the accumulated surplus.

General expenses

10. The municipality did not account for all its expenditure incurred in the current year in accordance with GRAP 1, *Presentation of financial statements*. The municipality also did not have adequate internal controls in place to ensure the completeness of general expenditure, which resulted in general expenses as disclosed in note 39, being understated by R105 915 538 and trade payables as disclosed in note 22 to the consolidated and separate financial statements, being understated by R105 915 538. Additionally, there was a resultant impact on the surplus for the period and the accumulated surplus.

Contracted services

11. The municipality did not accurately account for contracted services amounting to R373 054 000 as disclosed in note 38 in accordance with GRAP 1, *Presentation of financial statements*. This is due to the municipality failing to correctly account for the expenditure relating to the Rustenburg Rapid Transport Operator Compensation and other contracted services in terms of the service level agreements. This resulted in contracted services as disclosed in note 38 being understated by R137 169 317 and trade payables as disclosed in note 22 to the consolidated and separate financial statements being understated by R172 379 259. Additionally, there was a resultant impact on the surplus for the period and the accumulated surplus.

Irregular expenditure

12. Section 125(2)(d)(i) of the MFMA requires the disclosure of irregular expenditure incurred. The municipality made payments of R60 369 653, and the Trust made payments in the current and previous financial years in contravention of the supply chain management (SCM) requirements which were not included in irregular expenditure disclosed. As the municipality and the municipal entity did not quantify the full extent of the irregular expenditure, it was impracticable to determine the resultant understatement of irregular expenditure as per note 55 to the consolidated and separate financial statements.
13. Furthermore, I was unable to obtain sufficient appropriate audit evidence for the opening balance of irregular expenditure disclosed because the municipality did not maintain a

detailed register of irregular expenditure. I was unable to confirm the opening balance by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to irregular expenditure of R6 279 632 000 (2022: 5 900 377 000) and R6 279 727 000 (2022: R5 900 377 000) as disclosed in note 55 to the financial statements.

Context for opinion

14. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the consolidated and separate financial statements section of my report.
15. I am independent of the group 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.
16. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material uncertainty relating to going concern

17. I draw attention to the matter below. My opinion is not modified in respect of this matter.
18. As disclosed in note 51 to the consolidated and separate financial statements, the group's current liabilities exceed current assets. The ability to collect outstanding debtors is low as the allowance for impairment relating to gross debtors is more than 90%. On average the municipality takes longer than the prescribed 30-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 group's ability to continue as a going concern.

Emphasis of matters

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

Unauthorised and fruitless and wasteful expenditure

20. As disclosed in note 53 to the consolidated and separate financial statements, unauthorised expenditure of R48 039 000 was incurred in the current year, and the unauthorised expenditure of R173 625 000 in respect of prior years has not yet been dealt with in accordance with section 32 of the MFMA.
21. As disclosed in note 54 to the consolidated and separate financial statements, fruitless and wasteful expenditure of R2 549 000 was incurred in the current year, and fruitless and wasteful expenditure of R35 587 000 from prior years has not yet been dealt with in accordance with section 32 of the MFMA.

Material losses

22. As disclosed in note 15 to the consolidated and separate financial statements, consumer debtors have been significantly impaired. The allowance for impairment amounts to R6 210 526 000 (2022: R5 125 561 000) which represents 96,7% (2022: 94,8%) of the total receivables. In addition, as disclosed in note 35 to the consolidated and separate financial statements, debt impairment of R956 925 000 (2022: R549 907 000) was incurred as a result of significant impairment of receivables.
23. As disclosed in note 56 to the consolidated and separate financial statements, material water losses of R268 835 000 (2022: R196 238 000) were incurred as a result of water loss through the distribution process, which represents 51,57% (2022: 46,46%) of total water purchased.
24. As disclosed in note 56 to the consolidated and separate financial statements, material electricity losses of R298 448 000 (2022: R272 282 000) were incurred as a result of electricity loss through the distribution process, which represents 9,34% (2022: 9,14%) of total electricity purchased.

Restatement of corresponding figures

25. As disclosed in note 48 to the consolidated and separate financial statements, the corresponding figures for 30 June 2022 were restated as a result of errors in the consolidated and separate financial statements of the group at, and for the year ended 30 June 2023.

Other matter

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

Unaudited disclosure notes

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

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 SA Standards of GRAP and the requirements of the MFMA and the Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
29. In preparing the consolidated and separate financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the consolidated and separate financial statements

30. My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.
31. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

32. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected key performance areas presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
33. I selected the following development priorities presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected key performance areas that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

Key performance areas (KPA's)	Page numbers	Purpose
KPA 4: Local economic development	148 – 153	Drive a vibrant diversified economic growth and job creation
KPA 5: Basic service and infrastructure development	154 – 168	Efficient provision of quality basic services and infrastructure within a well-planned spatial structure

34. I evaluated the reported performance information for the selected development priorities against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides users with useful and reliable information and insights on the municipality's planning and delivery on its mandate and objectives.
35. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives

- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner
 - there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.
36. I performed the procedures only for the purpose of reporting material findings and not to express an assurance opinion or conclusion.
37. The material findings on the reported performance information for the selected key performance areas are as follows:

KPA 4: Local economic development

KPI 25: Number of work opportunities created through public employment programmes

38. An achievement of 2 502 was reported against a target of 1 500. I could not determine if the reported achievement was correct, as the processes established to consistently measure and report achievements were inadequate. Adequate supporting evidence was also not provided for auditing. Consequently, the reported achievement might be more or less than reported.

KPA 5: Basic services and infrastructure development

Various indicators

39. Based on audit evidence, the actual achievement for indicators did not agree to the achievements reported. Consequently, the reported achievement was overstated.

Indicator	Target	Reported achievement	Actual achievement
KPI 31: Number of electrical projects (high mast lights) implemented by 30 June 2023.	3	2	0
KPI 39: Percentage of compliance with the required attendance time for structural firefighting incidents by 30 June 2023	98%	98%	68%

Various indicators

40. The indicators were included in the approved service delivery and budget implementation plan and integrated development plan but were not clearly defined during planning processes. It was also not determined how the related targets would be measured and what evidence would be needed to support the achievements. Consequently, the information might be less useful for measuring performance.

Indicator	Target	Reported achievement
KPI 29: Percentage of drinking water samples complying to SANS241 by June 2023	98%	98%
KPI 34: Number of recognised informal settlements with a waste service by 30 June 2023	16	26
KPI 35: Percentage of formal households with a weekly solid waste removal service by 30 June 2023	80%	100%

KPI 37: Number of vehicles operating through the bus operating company by 30 June 2023

41. I could not determine whether the achievement of 35 branded taxis and five buses reported against a target of 35 branded taxis and 10 buses was correct, as there were no processes to consistently measure and report on achievements against planned indicators. I could not determine if the measure to improve performance was correct, as adequate supporting evidence was not provided for auditing. Consequently, the reported achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

KPI 32: Appointment of service provider for sewer in Lethabong by 30 June 2023

42. There was no link between the indicator and target of KPI 32: Appointment of service provider for sewer in Lethabong by 30 June 2023 and the achievement of planned objectives and strategic goals, as it did not measure actual service delivery. The indicator and target measured the appointment of service providers for sewer projects instead of delivery of sewer services. In addition, I could not determine if the measure to improve performance was correct, as adequate supporting evidence was not provided for auditing.

KPI 38: Kilometres of new municipal road lanes built by 30 June 2023

43. I could not determine if the reasons for the differences between the reported achievements and the planned targets were correct, as adequate supporting evidence was not provided for auditing. Consequently, I could not confirm the reliability of the reasons for the reported underachievement/overachievement.

Indicator	Target	Reported achievement
KPI 38: Kilometres of new municipal road lanes built by 30 June 2023	30 km	10 050,41 m

Other matter

44. I draw attention to the following:

Achievement of planned targets

45. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievement / measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

Material misstatements

46. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for KPA 4: Local economic development and KPA 5: Basic service delivery and infrastructure development. Management did not correct all of the misstatements and I reported material findings in this regard.

Report on compliance with legislation

47. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.

48. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

49. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow for consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

50. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements, performance and annual reports

51. The consolidated and separate financial statements submitted for auditing were not prepared in all material respects in accordance with the prescribed financial reporting framework as required by section 122(1) of the MFMA. Material misstatements of non-current assets and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

52. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

53. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified, as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by awarding contracts without following normal procurement processes.
54. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R2 549 000, as disclosed in note 54 to the consolidated and separate annual 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.
55. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R48 039 000, as disclosed in note 53 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by non-cash related expenditure.

Consequence management

56. Unauthorised 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) of the MFMA.
57. Irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
58. 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)(b) of the MFMA.

Procurement and contract management

59. Some invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM regulation 22(1) and 22(2).
60. Some invitations to tender for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8(2).
61. 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. A similar limitation was reported in the prior year.
62. Sufficient appropriate audit evidence could not be obtained that contract performance and monitoring measures were in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA. A similar limitation was reported in the prior year.
63. Awards were made to providers who were in the service of other state institutions or whose directors / principal shareholders were in the service of other state institutions, in contravention of section 112(1)(j) of the MFMA and SCM regulation 44.

Revenue management

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

Strategic planning and performance management

65. No KPIs were set in respect of the provision of basic water services, as required by section 43(2) of the Municipal Systems Act (MSA) and municipal planning and performance management regulation 10(a).
66. The performance management system and related controls were inadequate as they did not enable useful and reliable performance measurement and reporting, as required by municipal planning and performance management regulation 7(1).

Other information in the annual report

67. The accounting officer is responsible for the other information included in the annual report, which includes the audit committee's report. The other information referred to does not include the consolidated and separate financial statements, the auditor's report and those selected key performance areas presented in the annual performance report that have been specifically reported on in this auditor's report.
68. My opinion on the consolidated and separate financial statements, and findings on the reported performance information and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
69. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the consolidated and separate financial statements and the selected key performance areas presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
70. 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

71. I considered internal control relevant to my audit of the consolidated and separate financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
- Leadership and management were slow to respond to internal and external audit findings and did not implement consequence management for poor performance and non-compliance with legislation. This resulted in material misstatements in the consolidated and separate financial statements, reported performance information, as well as compliance with legislation.

- There was lack of controls over daily, monthly processing and reconciliation of transactions. In addition, management did not implement effective controls to ensure that all information in the consolidated and separate financial statements and reported performance information were reliable prior to submission to external auditors.

Material irregularities

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

Material irregularities identified during the audit

73. The material irregularities identified are as follows:

Payment made in excess of the re-measured final account upon termination of first contractor on the RRT project

74. The accounting officer did not diligently review the amounts certified on the payment certificates submitted prior to making payments, resulting in overpayments to the contractor, contrary to section 65(2)(a) of the MFMA. The accounting officer therefore did not take all reasonable steps to ensure that the contractor was only paid for goods and/ or services that were actually delivered on this project. This contravention resulted in a surplus amount of R8 101 284,66 paid to the first contractor who was appointed in relation to phases 1A and 1C of the Rustenburg Rapid Transport (RRT) project.

75. The non-compliance is likely to result in a material financial loss for the municipality if the overpayments are not recovered.

76. The accounting officer was notified of this material irregularity on 12 April 2023 and invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer indicated that National Treasury is in the process of conducting a forensic investigation into the appointment of service providers and sub-contractors for the implementation of the RRT Project.

77. National Treasury completed the investigation, and the final investigation report was tabled in Council on 28 November 2023. The accounting officer plans to take appropriate steps based on the outcome of this investigation. I will follow up on the investigation and the implementation of the planned actions during my next audit.

Payment made in excess of re-measured final account upon termination of second contractor on the RRT project

78. The accounting officer did not diligently review the amounts certified on the payment certificates submitted to them prior to making payments, resulting in overpayments to the second contractor, contrary to section 65(2)(a) of the MFMA. The accounting officer therefore did not take all reasonable steps to ensure that the contractor was only paid for goods and/ or services that were actually delivered on this project. This contravention resulted in a surplus amount of R25 118 381,85 paid to the second contractor who was appointed in relation to phases 1A and 1C of the Rustenburg Rapid Transport (RRT) project.

79. The non-compliance is likely to result in a material financial loss for the municipality if the overpayments are not recovered.
80. The accounting officer was notified on 12 April 2023 and invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer indicated that National Treasury is in the process of conducting a forensic investigation into the appointment of service providers and sub-contractors for the implementation of the RRT Project.
81. National Treasury completed the investigation and the final investigation report was tabled in Council on 28 November 2023. The accounting officer plans to take appropriate steps based on the outcome of this investigation. I will follow up on the investigation and the implementation of the planned actions during my next audit.

Rustenburg Rapid Transport (RRT) project not monitored

82. The municipality did not monitor on a monthly basis the performance of contractors under the RRT contract, contrary to section 116(2)(b) of the MFMA. This included contractual timelines not adhered to and several project delays noted. The inadequate monitoring of contractors also resulted that the desired quality of the infrastructure was not achieved as structural flaws which resulted in even more delays and subsequent deterioration of incomplete construction work.
83. As a result, this has caused harm to the primary mandated function of the municipality in being unable to provide the integrated public transport network services, as was intended with this national priority transport project, to the extended community of Rustenburg for the past seven years (per planned dates for first phases of the project being operational).
84. The non-compliance of section 116(2)(b) of the MFMA has therefore resulted in substantial harm to the public sector institution and is expected to continue causing harm to the public sector institutions until the completion of the RRT project.
85. The accounting officer was notified of this material irregularity on 12 September 2023 and due to change in accounting officer the notification was re-issued on 6 October 2023. The accounting officer 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 National Treasury is in the process of conducting a forensic investigation into the appointment of service providers and sub-contractors for the implementation of the RRT Project.
86. National Treasury completed the investigation, and the final investigation report was tabled in Council on 28 November 2023. The accounting officer plans to take appropriate steps based on the outcome of this investigation. I will follow up on the investigation and the implementation of the planned actions during my next audit.

Status of previously reported material irregularities

Fleet management services procured not part of the original tender

87. The municipality entered into a contract for the provision of automated fleet and fuel management solutions during June 2018 as their fleet was in a state of disrepair and most of the vehicles reached its economical lifespan. On 20 July 2018, a “price negotiation” meeting was held between the appointed service provider and the municipality. During this meeting, the original scope of the work was extended, and new services were added to the scope of services that was not part of the original tender process.
88. SCM regulation 19(a) provides that a supply chain management policy must specify that goods or services above a transaction value of R200 000 (VAT included) and long-term contracts may be procured by the municipality only through a competitive bidding process, subject to regulation 11(2). However, the scope of work was extended beyond the limits of SCM regulations 19(a) during the price negotiation and items that was not part of the competitive bidding process, were included at higher than market related price. The before mentioned resulted in a material financial loss for the Rustenburg Local Municipality.
89. The accounting officer was notified of this material irregularity on 22 November 2021 and was invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer stated in his response of 8 December 2021 that he completed the internal investigation process in line with MFMA section 32 and subsequently disciplinary steps have been taken against the chair of the bid evaluation committee and the deputy chief financial officer. The above-mentioned officials were dismissed or resigned including the accounting officer responsible for concluding the contract. The contract with the service provider was terminated during August 2019 based upon a high court order, to prevent further financial loss. During August 2019, the accounting officer referred the matters to the Directorate for Priority Crime Investigation (Hawks.) The investigation and the criminal process is still on going, despite frequent follow-ups by the accounting officer. It is not practicable to determine when the investigation and criminal process be finalised due to the complex legal nature of the transaction.
90. Upon the conclusion of the Hawks' investigation, the accounting officer intends to initiate legal proceedings against the individuals accountable for the incurred losses and pursue legal restitution to recover the misappropriated funds. In November 2023, I followed up on the progress made by the Hawks in their investigation and noted that the investigation is still in progress. I will follow up on the investigation and the implementation of the planned actions during my next audit.

Payments made for fleet management service items above market value

91. The municipality entered into a contract for the provision of automated fleet and fuel management solutions during June 2018 as their fleet was in a state of disrepair and most of the vehicles reached its economical lifespan. On 20 July 2018, a “price negotiation” meeting was held between appointed service provider and the municipality. Several items were included in the original tender and were procured at prices above market values.

92. MFMA section 62(1)(a) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically. The municipality did not ensure that the resources of the municipality were used effectively, efficiently and economically procured during the price negotiations as goods and services were procured at above market related values. Therefore the municipality did not obtain value for money for the payments made. The non-compliance with MFMA section 62(1)(a) is therefore likely to result in a material financial loss for the municipality as the prices paid for the items that formed part of the original tender process was higher than the market price.
93. The accounting officer was notified of this material irregularity on 8 December 2021 and was invited to make a written submission on the actions that will be taken to address the matter. A response from the accounting officer was received on 11 January 2022. The accounting officer indicated that he completed the investigation process in line with MFMA section 32 and subsequently disciplinary steps have been taken against the chair of the bid evaluation committee and the deputy chief financial officer. The above-mentioned officials were dismissed or they resigned, including the accounting officer responsible for concluding the contract. The contract with the service provider was terminated during August 2019 based upon a high court order, to prevent further financial loss. The investigation and the criminal process is still on going, despite regular follow-ups by the accounting officer. It is not practicable to determine when the investigation and criminal process be finalised due to the complex legal nature of the transaction.
94. Upon the conclusion of the Hawks' investigation, the accounting officer intends to initiate legal proceedings against the individuals accountable for the incurred losses and pursue legal restitution to recover the misappropriated funds. In November 2023, I followed up on the progress made by the Hawks in their investigation and noted that the investigation is still in progress. I will follow up on the investigation and the implementation of the planned actions during my next audit.

Penalties paid as a result of late submission of VAT returns

95. The municipality incurred penalties as a result of late submission of the November 2019 VAT return, in contravention of section 28(1)(a) of the VAT Act. The non-compliance with section 28(1)(a) of the VAT Act has resulted in a material financial loss for the Rustenburg Local Municipality of R2 298 252 by 30 June 2020. The penalties paid are included in the fruitless and wasteful expenditure register of the municipality and in the fruitless and wasteful expenditure disclosed in note 54 to the financial statements.
96. The accounting officer was notified of this material irregularity on 16 March 2021 and was invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer has completed the investigation process in line with MFMA section 32 as per the unauthorised, irregular, fruitless and wasteful expenditure reduction plan and identified the responsible person, together with the applicable consequence.

97. The accounting officer investigated the fruitless and wasteful expenditure and concluded that the loss should be written off. The accounting officer further took appropriate action as he maintained preventative internal controls and no similar transgression have occurred.
98. The material irregularity has been resolved

Other reports

99. In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the consolidated and separate financial statements or my findings on the reported performance information or compliance with legislation.
100. The Hawks were investigating various cases of corruption and fraud relating to contracts awarded during the 2017-18 and 2018-19 financial years. Those cases that were concluded were referred to the Director of Public Prosecutions (DPP) while the remainder of the investigations were still in progress at the date of the report.
101. The Hawks were investigating various cases relating to fraud and procurement irregularities which occurred during 2015-16 and 2017-18. Three of the cases were referred to the DPP for prosecution and one case was still under investigation.
102. Three matters relating to alleged procurement irregularities were referred to the Hawks for investigation, and the matter was also referred to the DPP.
103. An allegation of fraud that occurred in the 2016-17 financial year was referred to the DPCI for investigation. This investigation was concluded and referred to the DPP for prosecution.
104. An allegation of fraud committed by officials of the municipality that occurred in 2014 was referred to the Hawks for investigation. Criminal proceedings were underway.

105. 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 still in progress. The outcome of the investigation will indicate how the matter will proceed.

Auditor General

Rustenburg

14 December 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality and its subsidiaries to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the consolidated and separate financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern.

- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and determine whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 – Paragraph (a), (b) & (d) of the definition: irregular expenditure, Section 1 – Definition: service delivery and budget implementation plan, Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, Sections 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a), Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b), Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, Regulations 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b), Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a), Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 93J(1), 96(b) Parent municipality with ME: Sections 93B(a), 93B(b) Parent municipality with shared control of ME: Sections 93C(a)(iv), 93C(a)(v)
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2), Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

6.2 ANNUAL FINANCIAL STATEMENTS OF RLM



Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

General Information

Legal form of entity	Municipality (MFMA) : Category B
Nature of business and principal activities	The provision of services (electricity, water, sanitation and refuse) to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.
Legislation governing the municipality's operations	Constitution of the Republic of south Africa (Act 108 of 1998) Local Government: Municipal Finance Management Act (Act no.56 of 2003) Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Municipal Property Rates Act (act of 6 2004) Division of Revenue Act (Act 1 of 2007)
Mayoral committee	
Executive Mayor	Mabale-Huma, S S K (Executive Mayor) Pule, L (Speaker) Mabe, L L (Single-Whip)
Mayoral Committee Members	Pule, S (MMC: Integrated Development Planning) Libe, K (MMC: Special Projects) Mputle, V (MMC: Public Safety) Phutu, K (MMC: Local Economic Development) Xatasi, N (MMC: Community Development) Gaonakala, M (MMC: Corporate Support Services) Pule, L (MMC: Roads and Transport) Rampou, T (MMC: Technical and Infrastructure Services) Marekoa, B (MMC: Planning and Human Settlements) Nke, R (MMC: Budget and Treasury)
Capacity	High Capacity
Accounting Officer	Mdhluli, V (Acting)
Chief Finance Officer (CFO)	Mdhluli, V (Acting)
Registered office	Missionary Mpheni House Cnr, Nelson Mandela & Beyers Naude Drives Rustenburg 0299
Postal address	P O Box 16 Rustenburg 0300
Bankers	ABSA BANK (Primary Bank) STANDARD BANK
Auditors	Auditor-General of South Africa (AGSA)

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Index

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

	Page
Accounting Officer's Responsibilities and Approval	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes in Net Assets	6
Cash Flow Statement	7
Statement of Comparison of Budget and Actual Amounts	8 - 9
Accounting Policies	10 - 41
Notes to the Consolidated Annual Financial Statements	42 - 118

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

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Accounting Officer's Responsibilities and Approval

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

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

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

The accounting officer acknowledges that she is ultimately responsible for the system of internal financial control established by the economic entity and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the economic entity and all employees are required to maintain the highest ethical standards in ensuring the economic entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the economic entity is on identifying, assessing, managing and monitoring all known forms of risk across the economic entity. While operating risk cannot be fully eliminated, the economic entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The accounting officer has reviewed the economic entity's cash flow forecast for the year to 30/06/2024 and, in the light of this review and the current financial position, she is satisfied that the economic entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

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

The consolidated annual financial statements set out on pages 4 to 116, which have been prepared on the going concern basis, were approved by the accounting officer on 28 September 2023.



Ms. Vivian Mdhuli
Acting Municipal Manager

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Statement of Financial Position as at 30/06/2023

	Note(s)	Economic entity		Controlling entity	
		2023	2022 Restated*	2023	2022 Restated*
Assets					
Current Assets					
Inventories	12	47 209	54 113	47 209	54 113
Finance lease receivables	8	-	-	427	361
Operating lease asset	9	9	31	9	31
Receivables from exchange transactions	13&15	218 937	272 807	200 432	249 987
Receivables from non-exchange transactions	14&15	45 168	58 232	45 168	58 232
Cash and cash equivalents	16	832 039	755 237	451 764	513 386
		1 143 362	1 140 420	745 009	876 110
Non-Current Assets					
Investment property	3	101 829	109 445	101 829	109 445
Property, plant and equipment	4	8 834 512	8 956 416	8 308 998	8 403 560
Intangible assets	5	23	90	23	90
Heritage assets	6	1 374	1 374	1 374	1 374
Investments	7	774	695	775	696
Finance lease receivables	8	-	-	502	929
		8 938 512	9 068 020	8 413 501	8 516 094
Total Assets		10 081 874	10 208 440	9 158 510	9 392 204
Liabilities					
Current Liabilities					
Other financial liabilities	20	40 001	36 068	40 001	36 068
Finance lease obligation	18	12 057	11 077	12 057	11 077
Payables from exchange transactions	22	953 216	1 110 889	1 075 362	1 263 578
VAT payable	23	289 150	248 670	288 265	251 289
Consumer deposits	24	64 069	60 253	64 069	60 253
Employee benefit obligation	10	6 153	5 984	6 153	5 984
Unspent conditional grants and receipts	19	36 801	165 399	36 801	165 399
Provisions	21	183 522	167 542	183 522	167 542
		1 584 969	1 805 882	1 706 230	1 961 190
Non-Current Liabilities					
Other financial liabilities	20	236 897	276 897	236 897	276 897
Finance lease obligation	18	-	12 057	-	12 057
Employee benefit obligation	10	147 106	155 864	147 106	155 864
Provisions	21	85 661	76 547	85 661	76 547
		469 664	521 365	469 664	521 365
Total Liabilities		2 054 633	2 327 247	2 175 894	2 482 555
Net Assets		8 027 241	7 881 193	6 982 616	6 909 649
Reserves					
Revaluation reserve	17	262 194	264 590	-	-
Accumulated surplus		7 765 047	7 616 603	6 982 614	6 909 649
Total Net Assets		8 027 241	7 881 193	6 982 614	6 909 649

* See Note 48

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Statement of Financial Performance

	Note(s)	Economic entity		Controlling entity	
		2023	2022 Restated*	2023	2022 Restated*
Revenue					
Revenue from exchange transactions					
Service charges	25	4 395 411	4 094 168	4 317 654	4 018 522
Rental of facilities and equipment	26	9 596	11 447	9 596	11 447
Interest received (trading)		481 957	404 002	481 957	404 002
Agency services		18 100	33 406	18 100	33 406
Licences and permits		6 707	23 931	6 707	23 931
Other income	27	21 076	16 039	21 076	16 039
Interest received - investment	28	55 368	29 122	35 886	23 071
Total revenue from exchange transactions		4 988 215	4 612 115	4 890 976	4 530 418
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	29	493 534	501 206	493 534	501 206
Transfer revenue					
Government grants & subsidies	31	1 596 572	1 166 982	1 596 572	1 166 982
Fines, Penalties and Forfeits		19 312	19 427	19 312	19 427
Total revenue from non-exchange transactions		2 109 418	1 687 615	2 109 418	1 687 615
Total revenue		7 097 633	6 299 730	7 000 394	6 218 033
Expenditure					
Employee related costs	32	(843 619)	(763 399)	(838 812)	(760 217)
Remuneration of councillors	33	(62 043)	(59 114)	(62 043)	(59 114)
Depreciation and amortisation	34	(429 702)	(601 778)	(396 970)	(567 576)
Finance costs	36	(58 018)	(60 978)	(58 018)	(60 970)
Bulk purchases	37	(3 617 809)	(3 431 250)	(3 782 064)	(3 576 974)
Contracted services	38	(373 054)	(212 409)	(373 054)	(212 409)
Transfers and Subsidies	30	(135 282)	(63 067)	(135 282)	(68 152)
General Expenses	39	(493 235)	(830 909)	(344 942)	(703 142)
Total expenditure		(6 012 762)	(6 022 904)	(5 991 185)	(6 008 554)
Operating surplus		1 084 871	276 826	1 009 209	209 479
Gain on disposal of assets and liabilities		4	9	-	-
Fair value adjustments	40	-	11	-	11
Actuarial gains/losses	10	35 957	13 052	35 957	13 052
Impairment loss	35	(974 009)	(579 462)	(972 197)	(579 779)
		(938 048)	(566 390)	(936 240)	(566 716)
Surplus (deficit) for the year		146 823	(289 564)	72 969	(357 237)

* See Note 48

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Statement of Changes in Net Assets

Figures in Rand Thousand	Revaluation reserve	Accumulated surplus	Total net assets
Economic entity			
Opening balance as previously reported	264 761	7 918 986	8 183 747
Adjustments			
Correction of errors	-	(12 821)	(12 821)
Balance at 01 July 2021 restated*	264 761	7 906 165	8 170 926
Changes in net assets			
Surplus for the year - Previously reported	-	(162 219)	(162 219)
Impairment adjustment for the year	(26)	-	(26)
Revaluation surplus	(145)	-	(145)
Total changes	(171)	(162 219)	(162 390)
Restated balance before adjustments	264 590	7 743 946	8 008 536
Adjustments			
Correction of errors	-	(125 722)	(125 722)
Balance as at 01 July 2022 restated*	264 590	7 618 224	7 882 814
Changes in net assets			
Surplus for the year	-	146 823	146 823
Impairment adjustment for the year	(770)	-	(770)
Revaluation surplus	(1 626)	-	(1 626)
Total changes	(2 396)	146 823	144 427
Balance as at 30/06/2023	262 194	7 765 047	8 027 241
Note(s)	17		
Controlling entity			
Opening balance as previously reported	-	7 279 708	7 279 708
Adjustments			
Correction of errors	-	(12 821)	(12 821)
Balance as at 01 July 2021 restated*	-	7 266 887	7 266 887
Changes in net assets			
Surplus for the year - Previously reported	-	(229 891)	(229 891)
Total changes	-	(229 891)	(229 891)
Restated balance before adjustments	-	7 036 996	7 036 996
Adjustments			
Correction of errors	-	(127 351)	(127 351)
Balance as at 01 July 2022 restated*	-	6 909 645	6 909 645
Changes in net assets			
Surplus for the year	-	72 969	72 969
Total changes	-	72 969	72 969
Balance as at 30/06/2023	-	6 982 614	6 982 614

* See Note 48

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Cash Flow Statement

Figures in Rand Thousand	Note(s)	Economic entity		Controlling entity	
		2023	2022 Restated*	2023	2022 Restated*
Cash flows from operating activities					
Receipts					
Sale of goods and services		4 031 030	3 638 697	3 949 319	3 569 092
Grants		1 596 572	1 166 982	1 596 572	1 166 982
Interest income		537 325	433 124	517 843	427 073
Other receipts		47 095	59 397	47 095	59 397
		6 212 022	5 298 200	6 110 829	5 222 544
Payments					
Employee costs		(903 588)	(800 783)	(898 781)	(797 601)
Suppliers		(4 699 415)	(3 890 222)	(4 749 422)	(3 973 749)
Finance costs		(1)	(3 235)	(1)	(3 227)
Other payments		(138 864)	(88 262)	(138 866)	(93 213)
		(5 741 868)	(4 782 502)	(5 787 070)	(4 867 790)
Net cash flows from operating activities	42	470 154	515 698	323 759	354 754
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(314 996)	(206 097)	(307 025)	(186 761)
Proceeds from sale of property, plant and equipment	4	450	24 781	450	19 230
Net cash flows from investing activities		(314 546)	(181 316)	(306 575)	(167 531)
Cash flows from financing activities					
Repayment of other financial liabilities		(36 067)	(38 655)	(36 067)	(38 655)
Interest paid		(31 741)	(36 467)	(31 741)	(36 467)
Finance lease payments		(11 077)	(10 178)	(11 077)	(10 178)
Realisation / (Withdrawal) of financial assets		79	130	79	130
Net cash flows from financing activities		(78 806)	(85 170)	(78 806)	(85 170)
Net increase in cash and cash equivalents		76 802	249 212	(61 622)	102 053
Cash and cash equivalents at the beginning of the year		755 237	506 025	513 386	411 333
Cash and cash equivalents at the end of the year	16	832 039	755 237	451 764	513 386

* See Note 48

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Statement of Comparison of Budget and Actual Amounts

	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand Thousand				
Economic entity				
Statement of Financial Performance				
Revenue				
Revenue from exchange transactions				
Service charges	4 796 042	4 395 411	(400 631)	60
Rental of facilities and equipment	12 580	9 596	(2 984)	60
Interest received (trading)	458 086	481 957	23 871	60
Agency services	90 424	18 100	(72 324)	60
Licences and permits	11 288	6 707	(4 581)	60
Other income	19 265	21 076	1 811	60
Interest received - investment	26 217	55 368	29 151	60
Total revenue from exchange transactions	5 413 902	4 988 215	(425 687)	
Revenue from non-exchange transactions				
Taxation revenue				
Property rates	526 902	493 534	(33 368)	60
Transfer revenue				
Government grants & subsidies	1 598 687	1 596 572	(2 115)	60
Fines, Penalties and Forfeits	9 399	19 312	9 913	60
Total revenue from non-exchange transactions	2 134 988	2 109 418	(25 570)	
Total revenue	7 548 890	7 097 633	(451 257)	
Expenditure				
Employee related costs	(905 598)	(843 619)	61 979	60
Remuneration of councillors	(70 958)	(62 043)	8 915	60
Depreciation and amortisation	(480 045)	(429 702)	50 343	60
Impairment loss	(826 738)	(974 009)	(147 271)	60
Finance costs	(59 409)	(58 018)	1 391	60
Repairs and maintenance	(152 684)	(151 871)	813	60
Bulk purchases	(3 163 812)	(3 617 809)	(453 997)	60
Contracted Services	(521 581)	(373 054)	148 527	60
Transfers and Subsidies	(60 092)	(135 282)	(75 190)	60
General Expenses	(273 301)	(341 364)	(68 063)	60
Total expenditure	(6 514 218)	(6 986 771)	(472 553)	
Operating surplus	1 034 672	110 862	(923 809)	
Gain on disposal of assets	6 448	4	(6 444)	60
Actuarial Gains	-	35 957	35 957	60
	6 448	35 961	29 513	
Surplus / (Deficit) before taxation	1 041 120	146 823	(894 296)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	1 041 120	146 823	(894 296)	

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Statement of Comparison of Budget and Actual Amounts

	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand thousand				
Controlling entity				
Statement of Financial Performance				
Revenue				
Revenue from exchange transactions				
Service charges	4 546 032	4 317 654	(228 378)	60
Rental of facilities and equipment	12 580	9 596	(2 984)	60
Interest received (trading)	458 086	481 957	23 871	60
Agency services	90 424	18 100	(72 324)	60
Licences and permits	11 288	6 707	(4 581)	60
Other income	19 265	21 076	1 811	60
Interest received - investment	21 897	35 886	13 989	60
Total revenue from exchange transactions	5 159 572	4 890 976	(268 596)	
Revenue from non-exchange transactions				
Taxation revenue				
Property rates	526 902	493 534	(33 368)	60
Transfer revenue				
Government grants & subsidies	1 598 687	1 596 572	(2 115)	60
Fines, Penalties and Forfeits	9 399	19 312	9 913	60
Total revenue from non-exchange transactions	2 134 988	2 109 418	(25 570)	
Total revenue	7 294 560	7 000 394	(294 166)	
Expenditure				
Employee related costs	(905 598)	(838 812)	66 786	60
Remuneration of councillors	(70 958)	(62 043)	8 915	60
Depreciation and amortisation	(440 707)	(396 970)	43 737	60
Impairment loss	(826 738)	(972 197)	(145 459)	60
Finance costs	(59 181)	(58 018)	1 163	60
Repairs and maintenance	(152 684)	(137 372)	15 312	60
Bulk purchases	(3 163 812)	(3 782 064)	(618 252)	60
Contracted Services	(521 581)	(373 054)	148 527	60
Transfers and Subsidies	(60 092)	(135 282)	(75 190)	60
General Expenses	(128 089)	(207 570)	(79 481)	60
Total expenditure	(6 329 440)	(6 963 382)	(633 942)	
Operating surplus	965 119	37 012	(928 106)	
Gain on disposal of assets	6 448	-	(6 448)	60
Actuarial Gains	-	35 957	35 957	60
	6 448	35 957	29 509	
Surplus / (Deficit) before taxation	971 567	72 969	(898 597)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	971 567	72 969	(898 597)	

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Accounting Policies

1. Presentation of Consolidated Annual Financial Statements

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

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

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

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

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Consolidation

Basis of consolidation

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

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

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

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

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

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

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

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

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

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Accounting Policies

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

1.4 Significant judgements and sources of estimation uncertainty

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

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

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

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

Allowance for slow moving, damaged and obsolete stock

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 21 - Provisions. Provisions are discounted where the effect of discounting is material using actuarial valuations.

Useful lives

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

Post employment medical benefits

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

1.5 Investment property

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

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

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

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

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

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

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

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

1.6 Property, plant and equipment

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

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Accounting Policies

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

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

Property, plant and equipment is initially measured at cost.

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

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment whenever it is possible to reliably differentiate between the different components.

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

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

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

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

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

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

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

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

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

Item	Depreciation method	Expected useful life range
Infrastructure Roads and Transport	Straight line	5 - 100
Infrastructure Electricity	Straight line	5 - 50
Infrastructure Water	Straight line	5 - 70
Infrastructure Sewerage	Straight line	5 - 70
Buildings	Straight line	7 - 80
Motor Vehicles	Straight line	5 - 15
Office equipment	Straight line	3 - 10
Specialised vehicles	Straight line	7 - 20
Furniture & fixtures	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 30/06/2023

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 30/06/2023

Accounting Policies

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
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 30/06/2023

Accounting Policies

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 30/06/2023

Accounting Policies

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

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

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Guarantees are disclosed in the notes to the financial statements and they are measured at fair value. Companies are granted the option of providing a guarantee instead of a consumer deposit when opening a new consumer account.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Accounting Policies

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

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

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

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

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

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

Classification

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

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

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

Class	Category
Consumer Deposits	Financial liability measured at amortised cost
Payables from Exchange Transactions	Financial liability measured at amortised cost
Long-term Liabilities	Financial liability measured at amortised cost
VAT Payable	Financial liability measured at amortised cost
Finance Lease Obligation	Financial liability measured at fair value

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.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Accounting Policies

Initial measurement of financial assets and financial liabilities

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

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

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

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Accounting Policies

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

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

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

Reclassification

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

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

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

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

Gains and losses

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

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

Impairment and uncollectibility of financial assets

The entity assess 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.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Accounting Policies

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

Financial assets measured at cost:

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

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

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

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

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Accounting Policies

Presentation

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

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

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

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

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

1.11 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.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Accounting Policies

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.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Accounting Policies

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]

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Accounting Policies

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.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Accounting Policies

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

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

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is either:

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

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

[Specify judgements made]

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The economic entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the economic entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Accounting Policies

Value in use

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

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

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the 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.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Accounting Policies

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.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Accounting Policies

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

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

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Accounting Policies

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the consolidated annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Accounting Policies

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Accounting Policies

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

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

Other post retirement obligations

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

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

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

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

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

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

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Accounting Policies

Termination benefits

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

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

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

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

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

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

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

1.17 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.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Accounting Policies

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.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Accounting Policies

Sale of goods

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

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

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

Rendering of services

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

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

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

Interest, royalties and dividends

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

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

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

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

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

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

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

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

1.20 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.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Accounting Policies

Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Accounting Policies

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

Collection charges are recognised when such amounts are legally enforceable (property rates). Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rate revenue already recognised are processed or additional rates revenue is recognised.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

The municipality has two types of fines, spot fines and summonses. The municipality recognises the full amount of revenue at the transaction date. Subsequent to initial recognition and measurement, the municipality assesses the collectability of the revenue and recognises an impairment loss.

Government Grants and other grants

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

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

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

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

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Accounting Policies

Gifts and donations, including goods in-kind

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

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

1.21 Accounting by principals and agents

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

Identifying whether an entity is a principal or an agent

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

Recognition

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

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

1.22 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.23 Other income

Other income represents income from activities other than normal Municipal ordinary operations. These are recognised in surplus when they accrue to the Municipality, that is when the right to receive payment is established. Other income is measured as fair value of the consideration receivable.

1.24 Licenses and permits

Licenses and permits are recognised in surplus when the municipality's right to receive payment has been established. These are measured by applying the relevant gazetted tariff.

1.25 Comparative figures

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

1.26 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003)

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Accounting Policies

1.27 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.28 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.29 Segment information

A segment is an activity of an entity:

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

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

1.30 Budget information

Economic Entity is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by economic entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The budget for the economic entity includes all the entities approved budgets under its control.

The consolidated annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.31 Related parties

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

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

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

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

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

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Accounting Policies

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

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

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

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

1.32 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The economic entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The economic entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.33 Service concession arrangements: Entity as grantor

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

Recognition of asset and liability

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

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

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

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

Measurement of asset and liability

The entity initially measures the service concession asset as follows:

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

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Accounting Policies

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

1.34 Expenditure

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

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

1.35 Non living resources

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

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
	2023	2022	2023	2022

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 01/07/2023 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

3. Investment property

Economic entity	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	118 915	(17 086)	101 829	118 915	(9 470)	109 445

Controlling entity	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	118 915	(17 086)	101 829	118 915	(9 470)	109 445

Reconciliation of investment property - Economic entity - 2023

	Opening balance	Depreciation	Total
Investment property	109 445	(7 616)	101 829

Reconciliation of investment property - Economic entity - 2022

	Opening balance	Disposals	Transfers received	Impairments	Depreciation	Total
Investment property	151 736	(694)	(32 217)	(149)	(9 231)	109 445

Reconciliation of investment property - Controlling entity - 2023

	Opening balance	Depreciation	Total
Investment property	109 445	(7 616)	101 829

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

3. Investment property (continued)

Reconciliation of investment property - Controlling entity - 2022

	Opening balance	Disposals	Transfers received	Impairments	Depreciation	Total
Investment property	151 736	(694)	(32 217)	(149)	(9 231)	109 445

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 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

4. Property, plant and equipment

Economic entity	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1 558 121	-	1 558 121	1 558 330	-	1 558 330
Buildings	1 562 558	(1 207 520)	355 038	1 536 413	(1 145 675)	390 738
Plant and machinery	66 511	(50 669)	15 842	63 967	(45 777)	18 190
Furniture and fixtures	56 785	(41 042)	15 743	55 515	(28 702)	26 813
Transport Assets	263 130	(140 107)	123 023	244 272	(130 961)	113 311
Office equipment	66 566	(48 725)	17 841	58 497	(44 127)	14 370
Bins and containers	1 668	(1 415)	253	1 817	(1 293)	524
Other	2 817	(2 483)	334	2 815	(2 354)	461
Electrical Equipment	11 688	-	11 688	11 309	-	11 309
Infrastructure - Sewerage	1 051 802	(680 584)	371 218	1 052 512	(651 764)	400 748
Infrastructure - Electricity	1 398 990	(776 719)	622 271	1 398 741	(737 812)	660 929
Infrastructure - Roads and Transport	6 722 261	(2 938 519)	3 783 742	6 682 425	(2 726 736)	3 955 689
Infrastructure - Water	1 498 005	(1 018 310)	479 695	1 485 951	(990 364)	495 587
Infrastructure - Work in progress	954 189	-	954 189	756 561	-	756 561
Rustenburg Water Services Trust Bulk Water Assets	1 262 219	(736 705)	525 514	1 265 967	(713 111)	552 856
Total	16 477 310	(7 642 798)	8 834 512	16 175 092	(7 218 676)	8 956 416

Controlling entity	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1 558 121	-	1 558 121	1 558 330	-	1 558 330
Buildings	1 562 558	(1 207 520)	355 038	1 536 413	(1 145 675)	390 738
Plant and machinery	66 511	(50 669)	15 842	63 967	(45 777)	18 190
Furniture and fixtures	56 785	(41 042)	15 743	55 515	(28 702)	26 813
Transport Assets	263 130	(140 107)	123 023	244 272	(130 961)	113 311
Office equipment	66 566	(48 725)	17 841	58 497	(44 127)	14 370
Bins and containers	1 668	(1 415)	253	1 817	(1 293)	524
Other	2 817	(2 483)	334	2 815	(2 354)	461
Electrical Equipment	11 688	-	11 688	11 309	-	11 309
Infrastructure - Sewerage	1 051 802	(680 584)	371 218	1 052 512	(651 764)	400 748
Infrastructure - Electricity	1 398 990	(776 719)	622 271	1 398 741	(737 812)	660 929
Infrastructure - Roads and Transport	6 722 261	(2 938 519)	3 783 742	6 682 425	(2 726 736)	3 955 689
Infrastructure - Water	1 498 005	(1 018 310)	479 695	1 485 951	(990 364)	495 587
Infrastructure - Work in progress	954 189	-	954 189	756 561	-	756 561
Total	15 215 091	(6 906 093)	8 308 998	14 909 125	(6 505 565)	8 403 560

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic entity - 2023

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	1 558 330	-	(209)	-	-	-	-	1 558 121
Buildings	390 738	26 145	-	-	-	(61 360)	(485)	355 038
Plant and machinery	18 190	2 552	(8)	-	-	(4 866)	(26)	15 842
Furniture and fixtures	26 813	1 271	(1)	-	-	(12 323)	(17)	15 743
Transport assets	113 311	18 996	(137)	-	-	(9 147)	-	123 023
Office equipment	14 370	8 164	(95)	-	-	(4 569)	(29)	17 841
Bins and containers	524	-	-	-	-	(271)	-	253
Other	461	-	-	-	-	(127)	-	334
Electrical Equipment	11 309	-	-	-	379	-	-	11 688
Infrastructure - Sewerage	400 748	-	-	-	-	(29 411)	(119)	371 218
Infrastructure - Electricity	660 929	-	-	-	-	(38 380)	(278)	622 271
Infrastructure - Roads and Transport	3 955 689	39 836	-	-	-	(202 161)	(9 622)	3 783 742
Infrastructure - Water	495 587	12 054	-	-	-	(27 610)	(336)	479 695
Work in progress	756 561	274 922	-	(77 294)	-	-	-	954 189
Rustenburg Water Trust Bulk Water Assets	552 856	7 971	-	-	-	(32 732)	(2 581)	525 514
	8 956 416	391 911	(450)	(77 294)	379	(422 957)	(13 493)	8 834 512

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic entity - 2022

	Opening balance	Additions	Disposals	Transfers received	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	1 552 389	-	(5 075)	12 016	-	-	-	-	1 558 330
Buildings	463 605	-	-	20 202	-	-	(91 838)	(1 231)	390 738
Plant and machinery	29 815	987	(96)	-	-	-	(12 479)	(37)	18 190
Furniture and fixtures	5 711	33 764	-	-	-	-	(12 654)	(8)	26 813
Transport assets	141 061	3 864	(370)	-	-	-	(25 612)	(5 632)	113 311
Office equipment	32 266	4 351	(12 661)	-	-	-	(9 466)	(120)	14 370
Bins and containers	503	183	(28)	-	-	-	(134)	-	524
Other	678	-	-	-	-	-	(217)	-	461
Electrical Equipment	16 662	-	-	-	-	(5 353)	-	-	11 309
Infrastructure - Sewerage	4 15 304	14 639	-	-	-	-	(28 643)	(552)	400 748
Infrastructure - Electricity	703 704	3 998	-	-	-	-	(39 136)	(7 637)	660 929
Infrastructure - Roads and Transport	4 082 656	183 878	-	-	-	-	(309 315)	(1 530)	3 955 689
Infrastructure - Water	460 371	68 664	-	-	-	-	(28 602)	(4 846)	495 587
Work in progress	845 463	187 707	-	-	(276 609)	-	-	-	756 561
Rustenburg Water Trust Bulk Water Assets	573 413	19 336	(5 551)	-	-	-	(34 202)	(140)	552 856
	9 323 601	621 371	(24 781)	32 218	(276 609)	(5 353)	(682 288)	(21 733)	8 968 418

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2023

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	1 558 330	-	(209)	-	-	-	-	1 558 121
Buildings	390 738	26 145	-	-	-	(61 360)	(485)	355 038
Plant and machinery	18 190	2 552	(8)	-	-	(4 866)	(26)	15 842
Furniture and fixtures	26 813	1 271	(1)	-	-	(12 323)	(17)	15 743
Transport assets	113 311	18 996	(137)	-	-	(9 147)	-	123 023
Office equipment	14 370	8 164	(95)	-	-	(4 569)	(29)	17 841
Bins and containers	524	-	-	-	-	(271)	-	253
Other	461	-	-	-	-	(127)	-	334
Electrical Equipment	11 309	-	-	-	379	-	-	11 688
Infrastructure - Sewerage	400 748	-	-	-	-	(29 411)	(119)	371 218
Infrastructure - Electricity	660 929	-	-	-	-	(38 380)	(278)	622 271
Infrastructure - Roads and Transport	3 955 689	39 836	-	-	-	(202 161)	(9 622)	3 783 742
Infrastructure - Water	495 587	12 054	-	-	-	(27 610)	(336)	479 695
Work in progress	756 561	274 922	-	(77 294)	-	-	-	954 189
	8 403 680	383 840	(460)	(77 294)	379	(380 236)	(10 812)	8 308 888

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2022

	Opening balance	Additions	Disposals	Transfers received	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	1 552 389	-	(6 075)	12 016	-	-	-	-	1 558 330
Buildings	463 605	-	-	20 202	-	-	(91 838)	(1 231)	390 738
Plant and machinery	29 815	987	(96)	-	-	-	(12 479)	(37)	18 190
Furniture and fixtures	5 711	33 764	-	-	-	-	(12 654)	(8)	26 813
Transport assets	141 061	3 864	(370)	-	-	-	(25 612)	(5 632)	113 311
Office equipment	32 266	4 351	(12 661)	-	-	-	(9 466)	(120)	14 370
Bins and containers	503	183	(28)	-	-	-	(134)	-	524
Other	678	-	-	-	-	-	(217)	-	461
Electrical Equipment	16 662	-	-	-	-	(5 353)	-	-	11 309
Infrastructure - Sewerage	415 304	14 639	-	-	-	-	(28 643)	(552)	400 748
Infrastructure - Electricity	703 704	3 898	-	-	-	-	(39 136)	(7 637)	660 929
Infrastructure - Roads and Transport	4 082 656	183 878	-	-	-	-	(309 315)	(1 530)	3 955 689
Infrastructure - Water	460 371	68 664	-	-	-	-	(28 602)	(4 846)	495 587
Infrastructure - Work in progress	845 463	187 707	-	-	(276 609)	-	-	-	756 561
	8 760 188	602 036	(18 230)	32 218	(276 609)	(6 353)	(568 098)	(21 693)	8 403 680

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022
4. Property, plant and equipment (continued)				
Property, plant and equipment in the process of being constructed or developed				
Cumulative expenditure recognized in the carrying value of property, plant and equipment - work in progress				
Buildings	54 483	39 359	54 483	39 359
Electricity	150 782	122 553	150 782	122 553
Roads	438 284	310 210	438 284	310 210
Sewerage	103 720	77 519	103 720	77 519
Solid Waste	39 786	39 786	39 786	39 786
Water	157 134	157 134	157 134	157 134
	854 188	768 681	854 188	768 681

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected

Upgrading of the bulk sewer lines to the WWTW (Western Area) [Project suspended due to non performance by the contractor]	6 992	6 992	6 992	6 992
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]	16 745	16 745	16 745	16 745
Marikana Waste Transfer Station - Construction R (Land & Bid, Solid waste fac [Contract terminated due to non performance by the contractor]	-	-	-	-
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	21 470	21 470	21 470
Rtb & Extensions - Upgrading Of Water Meters And Aged Connections (Infra, Water) [Project delays due to contractual disagreements]	16 057	16 057	16 057	16 057
Waterkloof Substation-Inter Connection To New Eskom Switching Station , (Infra) [Project delays due to contractual disagreements]	48 003	48 003	48 003	48 003
Construction of RRT Station - Contractor A (Land & Bid, Comm) [Project delays due to contractual disagreements]	258 128	245 160	258 128	245 160
Upgrading of roads and stormwater in Lefaragathe [Contract terminated due to non performance by the contractor]	-	3 194	-	3 194
Bospoort Water Treatment Works [Slow progress on the procurement process of the mechanical and electrical contract]	48 585	48 585	-	-
	471 134	481 380	422 648	412 775

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

4. Property, plant and equipment (continued)

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	22 520	4 249	22 520	4 249
Infrastructure - Electricity	46 592	20 563	46 592	20 563
Infrastructure - Roads	56 995	45 522	56 995	45 522
Infrastructure - Sewerage	1 449	268	1 449	268
Infrastructure - Water	1 032	3 483	1 032	3 483
Office Equipment	6 627	27 206	6 627	27 206
Transport assets	2 053	497	2 053	497
Other	103	-	103	-
Rustenburg Water Services Trust Bulk Water Assets	14 499	14 827	-	-
	151 870	116 615	137 371	101 788

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Work in progress consists of buildings and infrastructure.

5. Intangible assets

Economic entity	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	222	(199)	23	222	(132)	90

Controlling entity	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	222	(199)	23	222	(132)	90

Reconciliation of intangible assets - Economic entity - 2023

	Opening balance	Amortisation	Total
Computer software, other	90	(67)	23

Reconciliation of intangible assets - Economic entity - 2022

	Opening balance	Amortisation	Total
Computer software, other	157	(67)	90

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

5. Intangible assets (continued)

Reconciliation of intangible assets - Controlling entity - 2023

	Opening balance	Amortisation	Total
Computer software, other	90	(67)	23

Reconciliation of intangible assets - Controlling entity - 2022

	Opening balance	Amortisation	Total
Computer software, other	157	(67)	90

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 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

6. Heritage assets

Economic entity	2023			2022		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Ox Wagon	150	-	150	150	-	150
Historical statue	1 100	-	1 100	1 100	-	1 100
Hand Drawn Field Ambulance	5	-	5	5	-	5
Jewellery	119	-	119	119	-	119
Total	1 374	-	1 374	1 374	-	1 374

Controlling entity	2023			2022		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Ox Wagon	150	-	150	150	-	150
Historical statue	1 100	-	1 100	1 100	-	1 100
Hand Drawn Field Ambulance	5	-	5	5	-	5
Jewellery	119	-	119	119	-	119
Total	1 374	-	1 374	1 374	-	1 374

Reconciliation of heritage assets Economic entity - 2023

	Opening balance	Total
Ox Wagon	150	150
Historical statue	1 100	1 100
Hand Drawn Field Ambulance	5	5
Jewellery	119	119
	1 374	1 374

Reconciliation of heritage assets Economic entity - 2022

	Opening balance	Total
Ox Wagon	150	150
Historical statue	1 100	1 100
Hand Drawn Field Ambulance	5	5
Jewellery	119	119
	1 374	1 374

Reconciliation of heritage assets Controlling entity - 2023

	Opening balance	Total
Ox Wagon	150	150
Historical statue	1 100	1 100
Hand Drawn Field Ambulance	5	5
Jewellery	119	119
	1 374	1 374

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

6. Heritage assets (continued)

Reconciliation of heritage assets Controlling entity - 2022

	Opening balance	Total
Ox Wagon	150	150
Historical statue	1 100	1 100
Hand Drawn Field Ambulance	5	5
Jewellery	119	119
	1 374	1 374

7. Investments

Name of company	Carrying amount 2023	Carrying amount 2022	Carrying amount 2023	Carrying amount 2022
Listed Shares - Sanlam	774	695	774	695
Unlisted - Municipal Entity	-	-	1	1
	774	695	775	696

Detail

Market value of listed investment is R774 (2022: R695). The municipal entity is the Rustenburg Water Services Trust. The Trusts objective is to procure the design, construction, implementation, operation and maintenance of the Rustenburg, Bospoort and the Boitekong water supply scheme. 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.

8. Finance lease receivables

Present value of minimum lease payments due

- within one year	-	-	427	361
- in second to fifth year inclusive	-	-	502	929
	-	-	929	1 290
Non-current assets	-	-	502	929
Current assets	-	-	427	361
	-	-	929	1 290

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	9	31	9	31
----------------	---	----	---	----

Operating leases are recognised on the straight-line basis as per the requirements of GRAP 13. In respect of Non-cancellable Operating Leases the following assets have been recognised:

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022
9. Operating lease asset (liability) (continued)				
Balance at beginning of year	31	50	31	50
Operating Lease Revenue recorded	(22)	(19)	(22)	(19)
	9	31	9	31
Up to 1 year	9	37	9	37
2 to 5 years	-	9	-	9
	9	46	9	46

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 R22 (2022: R19)

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

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

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 2023 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)	1 298	1 294	1 298	1 294
In-service Non-members (Employees)	434	408	434	408
Continuation Members (Retirees, widowers and orphans)	127	130	127	130
	1 859	1 830	1 859	1 830

The liability in respect of past

	153 260	161 849	153 260	161 849
In-service Members	90 334	94 972	90 334	94 972
In-service: Non members	3 778	3 899	3 778	3 899
Continuation Members (Retirees, widows and orphans)	59 148	62 978	59 148	62 978

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

- Bonitas
- Hosmed
- Keyhealth
- LA Health
- Samwumed

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

Carrying value

Present value of the defined benefit obligation	(153 259)	(161 848)	(153 259)	(161 848)
Non-current liabilities	(147 106)	(155 864)	(147 106)	(155 864)
Current liabilities	(6 153)	(5 984)	(6 153)	(5 984)
	(153 259)	(161 848)	(153 259)	(161 848)

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

Opening balance	161 848	154 595	161 848	154 595
Benefits paid	(5 771)	(5 694)	(5 771)	(5 694)
Net (income) / expense recognised in the statement of financial performance	(2 818)	12 947	(2 818)	12 947
	153 259	161 848	153 259	161 848

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022
10. Employee benefit obligations (continued)				
Net (income)/expense recognised in the statement of financial performance				
Current service cost	7 451	7 381	7 451	7 381
Interest cost	18 787	15 337	18 787	15 337
Actuarial (gains) losses	(29 056)	(9 751)	(29 056)	(9 751)
	(2 818)	12 947	(2 818)	12 947

Key assumptions used

Assumptions used at the reporting date:

Discount rate	12,49 %	11,82 %	12,49 %	11,82 %
Health care cost inflation rate	8,10 %	8,44 %	8,10 %	8,44 %
Net-of-health-care-cost-inflation discount rate	4,08 %	3,12 %	4,08 %	3,12 %
Maximum subsidy inflation rate	5,70 %	5,96 %	5,70 %	5,96 %
Net-of-maximum-subsidy-inflation discount rate	6,42 %	5,54 %	6,42 %	5,54 %

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 12.49% per annum has been used. The corresponding index-linked yield at this term is 5.06%. 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 2023.

These rates are calculated by using a liability-weighted average of the yields for the three components of the liability. Each component's fixed-interest and index-linked yields were taken from the bond yield curve at that component's duration, using an iterative process (because the yield depends on the liability, which in turn depends on the yield).

Expected Retirement Age

Expected Retirement Age - Female	62	62	62	62
Expected Retirement Age - Male	62	62	62	62
	-	-	-	-

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

10. Employee benefit obligations (continued)

Other assumptions

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

	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023
Accrued liability	96 711	142 638	154 598	181 849	153 280
Actuarial Gains / (Losses)	(2 490)	(41 157)	3 417	9 751	29 056
	-	-	-	-	-

Sensitivity Analysis on Current-service and interest cost for the year ending 30 June 2023	Current-service cost	Interest cost	Total
Central Assumptions	7 451	18 787	26 238
Health care inflation (+1%)	8 138	20 000	28 138
Health care inflation (-1%)	6 518	17 211	23 729
Discount rate (+1%)	6 194	17 803	23 997
Discount rate (-1%)	9 071	19 902	28 973
Post-retirement mortality (+1 years)	7 280	18 283	25 563
Post-retirement mortality (-1 years)	7 615	19 283	26 898
Average retirement age (-1 year)	8 026	19 897	27 923
Continuation of membership at retirement (-10%)	6 393	17 094	23 487
	-	-	-

Sensitivity Analysis on the Accrued Liability - Assumptions & Change for the year ending 30 June 2023	In-service	Retired	Total
Central Assumptions	-	94 112	153 280
Health care inflation (+1%)	-	61 002	163 053
Health care inflation (-1%)	-	58 847	140 982
Discount rate (+1%)	-	55 111	135 366
Discount rate (-1%)	-	63 765	175 296
Post-retirement mortality (+1 years)	-	57 342	149 480
Post-retirement mortality (-1 years)	-	60 939	156 970
Average retirement age (-1 years)	-	59 148	162 770
Continuation of membership at retirement (-10%)	-	59 148	139 595
	-	-	-

Expected contributions for the year ending 30 June 2024

Opening balance	153 280
Estimate - benefits to be paid	(6 153)
Estimate - Net (income) / expense	25 648
Estimate Balance - 30 June 2024	172 755

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

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	18 097	13 962	18 097	13 962
Water	752	415	752	415
Unsold Properties Held for Resale	28 360	39 736	28 360	39 736
	47 209	54 113	47 209	54 113

Consumables stores consists of maintenance materials and spare parts.

13. Receivables from exchange transactions

Prepaid expenses	34 018	33 954	33 886	33 886
Consumer debtors - Electricity	86 887	83 635	86 887	83 635
Consumer debtors - Water	45 303	46 122	26 930	23 370
Consumer debtors - Sewerage	9 325	3 907	9 325	3 907
Consumer debtors - Refuse	8 814	6 525	8 814	6 525
Consumer debtors - Other	34 590	98 664	34 590	98 664
	218 937	272 807	200 432	249 987

Fair value of trade and other receivables

Trade and other receivables	218 937	272 807	200 432	249 987
-----------------------------	---------	---------	---------	---------

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

13. Receivables from exchange transactions (continued)

Receivables from exchange transactions past due but not impaired

At 30 June 2023, R11 380 (2022: R33 886) were past due but not impaired.

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

2 months past due	11 380	33 886	11 380	33 886
-------------------	--------	--------	--------	--------

Trade and other receivables impaired

As of 30/06/2023, Receivables from exchange transactions of R5 663 667 (2022: R4 595 454) were impaired and provided for.

14. Receivables from non-exchange transactions

Fines	8 589	7 944	8 589	7 944
Sundry Debtors	7 556	7 556	7 556	7 556
Consumer debtors - Rates	29 023	42 732	29 023	42 732
	45 168	58 232	45 168	58 232

The average credit period for Receivables is 30 days. Interest is charged once a capital balance is outstanding for more than 30 days (1 month) at the time of the billing run. Interest is charged at prime +1% for property rates interest and prime + 2% for services interest rate of the capital 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. Statutory receivables are 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. Receivables from traffic fines and property rates are part of this note but are disclosed separately in line with GRAP 108: Statutory receivables.

Gross Balance - Fines	41 609	29 672	41 609	29 672
Allowance for Impairment - Fines	(33 020)	(21 728)	(33 020)	(21 728)
Net Balance - Fines	8 589	7 944	8 589	7 944

Gross Balance - Property Rates	575 882	572 839	575 882	572 839
Allowance for Impairment - Property Rates	(546 859)	(530 107)	(546 859)	(530 107)
Net Balance - Property Rates	29 023	42 732	29 023	42 732

Receivables from non-exchange transactions past due but not impaired

At 30/06/2023, R2 153 (2022: R1 771) were past due but not impaired.

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

2 months past due	2 153	1 771	2 153	1 771
-------------------	-------	-------	-------	-------

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022
14. Receivables from non-exchange transactions (continued)				
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.				
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 Traffic Fines debtors 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	575 882	572 839	575 882	572 839
Consumer debtors - Electricity	570 421	884 716	570 421	884 716
Consumer debtors - Water	1 534 246	2 310 825	1 515 873	2 288 073
Consumer debtors - Sewerage	401 588	587 273	401 588	587 273
Consumer debtors - Refuse	480 535	604 167	480 535	604 167
Consumer debtors - Other	2 861 796	467 326	2 861 796	467 326
	6 424 468	5 407 146	6 406 095	5 384 394
Less: Allowance for impairment				
Consumer debtors - Rates	(546 859)	(530 107)	(546 859)	(530 107)
Consumer debtors - Electricity	(483 534)	(801 081)	(483 534)	(801 081)
Consumer debtors - Water	(1 488 943)	(2 264 703)	(1 488 943)	(2 264 703)
Consumer debtors - Sewerage	(392 263)	(563 366)	(392 263)	(563 366)
Consumer debtors - Refuse	(471 721)	(597 642)	(471 721)	(597 642)
Consumer debtors - Other	(2 827 206)	(368 662)	(2 827 206)	(368 662)
	(6 210 526)	(5 125 561)	(6 210 526)	(5 125 561)
Net balance				
Consumer debtors - Rates	29 023	42 732	29 023	42 732
Consumer debtors - Electricity	88 887	83 635	88 887	83 635
Consumer debtors - Water	45 303	46 122	26 930	23 370
Consumer debtors - Sewerage	9 325	3 907	9 325	3 907
Consumer debtors - Refuse	8 814	6 525	8 814	6 525
Consumer debtors - Other	34 590	98 664	34 590	98 664
	213 942	281 585	195 569	258 833

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022
15. Consumer debtors disclosure (continued)				
Rates				
Current (0 -30 days)	21 248	36 036	21 248	36 036
31 - 60 days	5 622	4 926	5 622	4 926
61 - 90 days	2 153	1 770	2 153	1 770
	29 023	42 732	29 023	42 732
Electricity				
Current (0 -30 days)	70 615	62 369	70 615	62 369
31 - 60 days	11 102	10 771	11 102	10 771
61 - 90 days	5 170	10 495	5 170	10 495
	86 887	83 635	86 887	83 635
Water				
Current (0 -30 days)	36 420	36 845	18 047	14 093
31 - 60 days	6 402	5 912	6 402	5 912
61 - 90 days	2 481	3 365	2 481	3 365
	45 303	46 122	26 930	23 370
Sewerage				
Current (0 -30 days)	6 227	865	6 227	865
31 - 60 days	2 180	2 056	2 180	2 056
61 - 90 days	918	986	918	986
	9 325	3 907	9 325	3 907
Refuse				
Current (0 -30 days)	5 698	3 577	5 698	3 577
31 - 60 days	2 168	2 016	2 168	2 016
61 - 90 days	948	932	948	932
	8 814	6 525	8 814	6 525
Other				
Current (0 -30 days)	28 419	22 056	28 419	22 056
31 - 60 days	4 306	40 357	4 306	40 357
61 - 90 days	1 865	36 251	1 865	36 251
	34 590	98 664	34 590	98 664

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022
15. Consumer debtors disclosure (continued)				
Summary of debtors by customer classification				
Consumers				
Current (0 -30 days)	202 664	193 835	202 664	193 835
31 - 60 days	144 070	129 227	144 070	129 227
61 - 90 days	124 890	108 739	124 890	108 739
> 90 days	5 327 403	3 822 359	5 327 403	3 822 359
	5 799 027	4 254 160	5 799 027	4 254 160
Less: Allowance for impairment	(5 712 598)	(4 171 262)	(5 712 598)	(4 171 262)
	86 429	82 898	86 429	82 898
Industrial/ commercial				
Current (0 -30 days)	186 286	58 457	187 913	35 705
31 - 60 days	27 041	62 870	27 041	62 870
61 - 90 days	15 090	64 006	15 090	64 006
> 90 days	318 611	596 537	318 611	596 537
	547 028	781 870	528 655	759 118
Less: Allowance for impairment	(428 592)	(590 588)	(428 592)	(590 588)
	118 436	191 282	100 063	168 530
National and provincial government				
Current (0 -30 days)	9 555	28 094	9 555	28 094
31 - 60 days	6 744	7 998	6 744	7 998
61 - 90 days	2 994	8 114	2 994	8 114
> 90 days	59 121	326 910	59 121	326 910
	78 414	371 116	78 414	371 116
Less: Allowance for impairment	(69 336)	(363 711)	(69 336)	(363 711)
	9 078	7 405	9 078	7 405
16. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	13	13	13	13
Bank balances	807 499	731 663	427 224	489 812
Short-term deposits	24 527	23 561	24 527	23 561
	832 039	755 237	451 764	513 386

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 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

16. Cash and cash equivalents (continued)

The economic entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30/06/2023	30/06/2022	30/06/2021	30/06/2023	30/06/2022	30/06/2021
Primary Bank Account - ABSA - Main Branch Rustenburg - Account Number 122000458	21 869	36 500	34 985	38 626	51 326	70 721
Landfill Bank Account - ABSA - Account Number 4093972008	-	2 437	1 837	-	2 437	1 837
Housing Bank Account - ABSA - Main Branch Rustenburg - 4054617192	-	2 356	2 339	-	2 356	2 339
Reserves Bank Account - ABSA- Main Branch Rustenburg -9330627743	-	40 496	36 579	-	40 094	36 217
Deposits Bank Account - ABSA - Main Branch Rustenburg- 9330627793	-	2	820	-	2	816
Conditional Grants Bank Account - ABSA - MainBranch Rustenburg - 9330627858	-	348 987	231 271	-	347 599	230 603
Traffic Fines Bank Account - ABSA - Main Branch Rustenburg- 4050672659	-	46 317	45 689	-	45 998	45 682
ABSA - Main Branch Rustenburg - 4071196779	-	-	-	-	-	-
Primary Bank Account - STDBANK - Barongwa Branch Rustenburg - Account Number 33054657	5 754	-	-	(22 186)	-	-
RRT Bank Account - STD BANK - Barongwa Branch Rustenburg- Account Number 33054681	4 166	-	-	4 166	-	-
Landfill Bank Account - STDBANK - Barongwa Branch Rustenburg - Account Number 33054703	4 315	-	-	4 315	-	-
Traffic Bank Account - STD BANK- Barongwa Branch Rustenburg- Account Number 33054789	11 221	-	-	10 878	-	-
Conditional Grants Bank Account - STD BANK - Barongwa Branch Rustenburg - Account Number 33054797	270 671	-	-	270 671	-	-
Services Bank Account - STDBANK - Barongwa Branch Rustenburg - Account Number 33054851	6 869	-	-	6 869	-	-
Licensing Bank Account - STDBANK - Barongwa Branch Rustenburg - Account Number 33061858	38 625	-	-	38 623	-	-
Housing Bank Account - STDBANK - Barongwa Branch Rustenburg - Account Number 33061815	2 362	-	-	2 362	-	-

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity			
	2023	2022	2023	2022		
16. Cash and cash equivalents (continued)						
Call Bank Account - STD BANK - Barongwa Branch Rustenburg - Account Number 38440318(001)	72 327	-	-	72 327	-	-
Reserves Bank Account - STDBANK - Barongwa Branch Rustenburg - Account Number 33061823	1 000	-	-	1 000	-	-
Distribution Reserve Account - ABSA - Account number 4061024001	26 038	37 366	22 830	26 038	37 366	22 830
Distribution Call Account - ABSA - Account number 4077517288	354 237	204 485	71 862	354 237	204 485	71 862
Total	819 454	718 946	448 212	807 926	731 663	482 909

	Economic entity		Controlling entity	
	2023	2022	2023	2022
Absa Call Account	-	404	-	404
Absa	6 207	5 910	6 207	5 910
Standard Bank	617	593	617	593
Kagiso Asset Management	7 284	6 866	7 284	6 866
Sanlam	9 829	9 198	9 829	9 198
Absa Guarantee Deposits	590	590	590	590
Total	24 527	23 561	24 527	23 561

Guarantees

Guarantees reflected above in the Guarantee deposit of ABSA to the value of R590 (2022:R590) are ceded in favour of third parties.

Financial Guarantee R2 163

Financial Guarantee - (Local Documented Product - Guarantees) R26 782

Facilities

Leases (Full maintenance lease) R200 000

17. Revaluation reserve

Opening balance	264 590	264 761	-	-
Impairment adjustment for the year	(770)	(26)	-	-
Revaluation Surplus	(1 626)	(145)	-	-
	262 194	264 590	-	-

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022
18. Finance lease obligation				
Minimum lease payments due				
- within one year	12 057	11 077	12 057	11 077
- in second to fifth year inclusive	-	12 057	-	12 057
Present value of minimum lease payments	12 057	23 134	12 057	23 134
Non-current liabilities	-	12 057	-	12 057
Current liabilities	12 057	11 077	12 057	11 077
	12 057	23 134	12 057	23 134

Finance Lease Liabilities relates to IT Equipment with lease terms of 36 months. The effective interest rates on Finance Leases is 8.5%. 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.

19. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts				
National Government Grants - Municipal Infrastructure Grant (MIG)	-	94 824	-	94 824
Provincial Government Grants - Department of Sports, Arts and Culture (DSAC Library)	252	39	252	39
Other: EEDG	-	207	-	207
National Government Grants - Public Transport Network Grant (PTNG)	-	39 788	-	39 788
National Government Grants - Municipal Water Infrastructure Grant (MWIG)	36 327	29 242	36 327	29 242
National Government Grants - Integrated National Electrification Programme (INEP)	13	22	13	22
National Government Grants - Neighbourhood Development Programme (NDP)	209	1 277	209	1 277
	36 801	165 399	36 801	165 399

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

20. Other financial liabilities

At amortised cost				
INCA	7 578	14 208	7 578	14 208
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%				
DBSA Loan 81007193	173 784	194 156	173 784	194 156
The loan is repayable in 6 monthly installments in December and June, with the redemption date of 2 July 2029. The loan bears interest at 9.90%.				
DBSA Loan 81007264	95 538	104 603	95 538	104 603
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%				
	276 898	312 965	276 898	312 965

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

20. Other financial liabilities (continued)

Total other financial liabilities	276 898	312 965	276 898	312 965
--	----------------	----------------	----------------	----------------

The management of the municipality is of the opinion that the carrying value of Other financial liabilities recorded at amortised cost in the Consolidated Financial Statements approximate their fair value.

Non-current liabilities

At amortised cost	236 897	276 897	236 897	276 897
-------------------	---------	---------	---------	---------

Current liabilities

At amortised cost	40 001	36 068	40 001	36 068
-------------------	--------	--------	--------	--------

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

21. Provisions

Reconciliation of provisions - Economic entity - 2023

	Opening Balance	Additions	Total
Environmental rehabilitation	172 039	24 112	196 151
Long Service Awards	72 050	982	73 032
	244 089	25 094	269 183

Reconciliation of provisions - Economic entity - 2022

	Opening Balance	Additions	Total
Environmental rehabilitation	152 417	19 622	172 039
Long Service Awards	67 256	4 794	72 050
	219 673	24 416	244 089

Reconciliation of provisions - Controlling entity - 2023

	Opening Balance	Additions	Total
Environmental rehabilitation	172 039	24 112	196 151
Long Service Awards	72 050	982	73 032
	244 089	25 094	269 183

Reconciliation of provisions - Controlling entity - 2022

	Opening Balance	Additions	Total
Environmental rehabilitation	152 417	19 622	172 039
Long Service Awards	67 256	4 794	72 050
	219 673	24 416	244 089

Non-current liabilities	85 661	76 547	85 661	76 547
Current liabilities	183 522	167 542	183 522	167 542
	269 183	244 089	269 183	244 089

Environmental rehabilitation provision

In terms of the licensing of the landfill refuse sites, the municipality will incur licensing and rehabilitation costs of R376 931 to restore the site at the end of its useful life, estimated to be 26 years for the Waterval landfill site. An inflation rate of 7.23% 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 12.32% 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.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried at 30 June 2023 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.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

21. Provisions (continued)

The principal assumptions used for the purposes of the actuarial valuations were as follows for the year ended 30 June 2023:

Discount rate - 11.32%
 General salary inflation - 6.57%
 Net discount rate - 4.45%

The principal assumptions used for the purposes of the actuarial valuations were as follows for the year ended 30 June 2022:

Discount rate - 11.08%
 General salary inflation - 7.32%
 Net discount rate - 3.50%

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 11.32% per annum has been used. This yield was obtained by calculating the duration of the liability and then taking the yield from the yield curve at that duration using an iterative process (because the yield depends on the duration, which in turn depends on the liability). The corresponding liability-weighted index-linked yield is 4.97%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 30 June 2023.

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

Expected Retirement Age - Females	62	62	62	62
Expected Retirement Age - Males	62	62	62	62
	-	-	-	-

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

Balance at the beginning of the year	72 050	67 255	72 050	67 255
Current service cost	6 321	6 236	6 321	6 236
Interest cost	7 489	5 939	7 489	5 939
Actuarial losses / (gains)	(6 901)	(3 302)	(6 901)	(3 302)
Employer Benefit Vesting	(5 927)	(4 078)	(5 927)	(4 078)
Present Value of Fund Obligation at the end of the Year	73 032	72 050	73 032	72 050

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

Present value of unfunded obligations	73 032	72 050	73 032	72 050
---------------------------------------	--------	--------	--------	--------

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

Current service cost	6 321	6 236	6 321	6 236
Interest cost	7 489	5 939	7 489	5 939
Actuarial losses / (gains)	(6 901)	(3 302)	(6 901)	(3 302)
Post-Retirement Benefit included in Statement of Financial Performance	6 909	8 873	6 909	8 873

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

21. Provisions (continued)

History of Liability	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023
Accrued Liability	28 457	76 549	67 255	72 050	73 032
Actuarial Gains / (Losses)	26 937	(47 139)	16 101	3 302	6 901
	-	-	-	-	-

Sensitivity Analysis on Current-service and interest Costs for the year ending 30 June 2023 - Assumptions and Change

	Current-service cost	Interest cost	Total
General assumptions	-	6 321	13 810
General salary inflation (+1%)	-	6 828	14 820
General salary inflation (-1%)	-	5 864	12 893
Discount rate (+1%)	-	5 911	13 566
Discount rate (-1%)	-	6 782	14 089
Average retirement age (+2yrs)	-	6 846	15 063
Average retirement age (-2 yrs)	-	5 743	12 435
Withdrawal rates (x2)	-	4 610	10 460
Withdrawal rates (x0.5)	-	7 556	16 159
	-	-	-

Sensitivity Analysis on the Unfunded Accrued Liability (in R millions) for the year ended 30 June 2023 - Assumptions & Change

	Liability
Central assumptions	73 032
General salary inflation (+1%)	77 509
General salary inflation (-1%)	68 936
Discount rate (+1%)	68 894
Discount rate (-1%)	77 825
Average retirement age (+2 yrs)	79 859
Average retirement age (-2 yrs)	65 590
Withdrawal rates (x2yrs)	58 654
Withdrawal rates (x0.5yrs)	82 645
	-

22. Payables from exchange transactions

Trade payables	583 603	700 416	705 749	853 105
Payments received in advance	161 744	161 815	161 744	161 815
Accrued leave pay	100 383	91 653	100 383	91 653
Accrued bonus	16 980	15 420	16 980	15 420
Unallocated Deposits	31 776	91 054	31 776	91 054
Retentions	58 730	50 531	58 730	50 531
	953 216	1 110 889	1 075 362	1 263 578

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

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 average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA, except when the liability is disputed. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has policies in place to ensure that all payables are paid within the credit timeframe.

The management of the municipality is of the opinion that the carrying value of payables from exchange transactions approximate their fair values.

23. VAT payable

VAT payable	289 150	248 670	288 265	251 289
-------------	---------	---------	---------	---------

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	64 069	60 253	64 069	60 253
-----------------------	--------	--------	--------	--------

Guarantees

Guarantees held in lieu of electricity and water	28 588	29 090	28 588	29 090
--	--------	--------	--------	--------

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on Consumer Deposits held.

25. Service charges

Sale of electricity	3 390 035	3 261 096	3 390 035	3 261 096
Sale of water	660 605	482 567	582 848	406 921
Sewerage and sanitation charges	184 469	185 352	184 469	185 352
Refuse removal	160 302	165 153	160 302	165 153
	4 395 411	4 094 168	4 317 654	4 018 522

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022
26. Rental of facilities and equipment				
Premises				
Rental Revenue from Halls	1 037	476	1 037	476
Rental Revenue from Buildings	8 293	10 051	8 293	10 051
	9 330	10 527	9 330	10 527
Facilities and equipment				
Rental Revenue from Amenities	18	810	18	810
Rental Revenue from Other Facilities	248	110	248	110
	266	920	266	920
	9 596	11 447	9 596	11 447

27. Other income

Building Plan Fees	1 270	1 519	1 270	1 519
Application for clearance certificate	2	-	2	-
Reconnection fees	2 329	3 446	2 329	3 446
Cemetery Fees	991	1 008	991	1 008
Advertising Signs	1 596	64	1 596	64
Photocopies	48	41	48	41
Surplus cash	459	2	459	2
Sundry Income	14 380	9 958	14 380	9 958
Swimming pool fees	1	1	1	1
	21 076	16 039	21 076	16 039

28. Interest received - investment

Interest revenue				
Investments	55 368	29 122	35 754	22 904
Finance leases	-	-	132	167
	55 368	29 122	35 886	23 071

29. Property rates

Rates received

Residential	192 564	210 267	192 564	210 267
Commercial	276 054	266 903	276 054	266 903
State	8 380	8 863	8 380	8 863
Agriculture	16 536	15 173	16 536	15 173
	493 534	501 206	493 534	501 206

Valuations

Property Rates are levied on the value of land and improvements, which valuation is performed every four years. The last valuation came into effect on 1 July 2021. Supplementary valuations are processed on a monthly basis to take into account changes to individual property values due to alterations and subdivisions.

Interim valuations are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions.

Rates are levied monthly on property owners and are payable the end of each month. Interest is levied at a rate determined by council on outstanding rates amounts.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022
30. Grants and subsidies paid				
Other subsidies				
Community Projects	708	728	708	740
Rustenburg Water Service Trust	-	-	-	5 073
Rustenburg Transit - Bus Operating Company	134 574	62 339	134 574	62 339
	135 282	63 067	135 282	68 152

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022
31. Government grants and subsidies				
Operating grants				
Equitable share	941 352	808 419	941 352	808 419
National: Financial Management Grant	1 700	1 650	1 700	1 650
Provincial: EPWP training	2 853	6 388	2 853	6 388
	945 905	816 457	945 905	816 457
Capital grants				
National: Municipal Infrastructure Grant (MIG)	231 189	154 405	231 189	154 405
National: Neighbourhood Development Programme (NDP)	791	2 907	791	2 907
Grants from private Org - EEDG	-	4 293	-	4 293
National Public Transport Network Grant (PTNG)	378 509	173 861	378 509	173 861
Provincial: Department of Sports, Arts and Culture (DSAC Library)	1 496	1 323	1 496	1 323
National Municipal Water Infrastructure Grant (MWIG)	12 673	5 758	12 673	5 758
National: Integrated National Electrification Program (INEP)	26 009	7 978	26 009	7 978
	650 667	350 525	650 667	350 525
	1 596 572	1 166 982	1 596 572	1 166 982

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

In terms of the Constitution, this grant is used to subsidise the provision of basic services to community members. In terms of the allocation made by DPLG the funds are also utilised to enable the municipality to execute its functions as the local authority.

National: Financial Management Grant (FMG Grant)

Current-year receipts	1 700	1 650	1 700	1 650
Conditions met - transferred to revenue	(1 700)	(1 650)	(1 700)	(1 650)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 19).

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003.

National: Municipal Infrastructure Grant (MIG Funds)

Balance unspent at beginning of year	94 824	26 385	94 824	26 385
Current-year receipts	231 189	249 229	231 189	249 229
Conditions met - transferred to revenue	(231 189)	(154 405)	(231 189)	(154 405)
Roll over not allowed	(94 824)	(26 385)	(94 824)	(26 385)
	-	94 824	-	94 824

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.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022
31. Government grants and subsidies (continued)				
Provincial: Department of Sports, Arts and Culture Grant (DSAC Library)				
Balance unspent at beginning of year	39	-	39	-
Current-year receipts	1 709	1 361	1 709	1 361
Conditions met - transferred to revenue	(1 496)	(1 322)	(1 496)	(1 322)
	252	39	252	39

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: Expanded Public Works Programme Integrated Grant (EPWP)

Balance unspent at beginning of year	-	990	-	990
Current-year receipts	2 853	6 388	2 853	6 388
Conditions met - transferred to revenue	(2 853)	(6 388)	(2 853)	(6 388)
Roll over not allowed	-	(990)	-	(990)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 19).

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

Other: Energy Efficiency and Demand-Side Management Grant

Balance unspent at beginning of year	207	2 698	207	2 698
Current-year receipts	-	4 500	-	4 500
Conditions met - transferred to revenue	-	(4 293)	-	(4 293)
Roll over not allowed	(207)	(2 698)	(207)	(2 698)
	-	207	-	207

Conditions still to be met - remain liabilities (see note 19).

The grant funds selected municipalities to implement energy-efficiency projects, with a focus on public lighting and energy efficient municipal infrastructure.

National: Public Transport Network Grant (PTNG)

Balance unspent at beginning of year	39 788	7 211	39 788	7 211
Current-year receipts	338 721	213 649	338 721	213 649
Conditions met - transferred to revenue	(378 509)	(173 861)	(378 509)	(173 861)
Roll over not allowed	-	(7 211)	-	(7 211)
	-	39 788	-	39 788

Conditions still to be met - remain liabilities (see note 19).

National: MWIG

Balance unspent at beginning of year	29 242	4 698	29 242	4 698
Current-year receipts	49 000	35 000	49 000	35 000

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022
31. Government grants and subsidies (continued)				
Conditions met - transferred to revenue	(12 673)	(5 758)	(12 673)	(5 758)
Roll over not allowed	(29 242)	(4 698)	(29 242)	(4 698)
	36 327	29 242	36 327	29 242

Conditions still to be met - remain liabilities (see note 19).

National: Integrated National Electrification Programme (INEP)

Balance unspent at beginning of year	22	411	22	411
Current-year receipts	26 000	8 000	26 000	8 000
Conditions met - transferred to revenue	(26 009)	(7 978)	(26 009)	(7 978)
Roll over not allowed	-	(411)	-	(411)
	13	22	13	22

Conditions still to be met - remain liabilities (see note 19).

National: Neighbourhood Development Programme (NDP)

Balance unspent at beginning of year	1 277	3 838	1 277	3 838
Current-year receipts	1 000	4 184	1 000	4 184
Conditions met - transferred to revenue	(791)	(2 907)	(791)	(2 907)
Roll over not allowed	(1 277)	(3 838)	(1 277)	(3 838)
	209	1 277	209	1 277

Conditions still to be met - remain liabilities (see note 19).

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022
32. Employee related costs				
Basic	521 126	483 623	516 319	480 441
Bonus	37 341	35 640	37 341	35 640
Medical aid - company contributions	47 671	44 571	47 671	44 571
UIF	3 857	3 781	3 857	3 781
WCA	12 951	-	12 951	-
SDL	7 285	6 678	7 285	6 678
Pension	91 486	85 550	91 486	85 550
Industrial Council Levy	328	283	328	283
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	47 110	41 504	47 110	41 504
Housing benefits and allowances	2 488	2 387	2 488	2 387
Overtime payment	10 111	5 764	10 111	5 764
Other Employee Cost	53 003	37 508	53 003	37 508
Defined Benefit Plan Expense	2 074	3 824	2 074	3 824
	836 831	751 113	832 024	747 931
Remuneration of Municipal Manager				
Annual Remuneration	1 364	1 988	1 364	1 988
Acting Allowance	214	18	214	18
Contributions to UIF, Medical and Pension Funds	55	146	55	146
	1 633	2 152	1 633	2 152
Remuneration of Chief Financial Officer				
Annual Remuneration	642	1 708	642	1 708
Acting Allowance	63	-	63	-
Contributions to UIF, Medical and Pension Funds	21	107	21	107
	726	1 815	726	1 815
Remuneration of Director: Community Development				
Annual Remuneration	1 029	1 699	1 029	1 699
Car Allowance	48	96	48	96
Acting Allowance	49	-	49	-
Contributions to UIF, Medical and Pension Funds	12	20	12	20
	1 138	1 815	1 138	1 815
Remuneration of Director: Corporate Services				
Annual Remuneration	-	534	-	534
Acting Allowance	14	58	14	58
Contributions to UIF, Medical and Pension Funds	-	29	-	29
	14	621	14	621
Remuneration of Director: Local Economic Development				
Annual Remuneration	607	1 903	607	1 903
Acting Allowance	112	6	112	6
Contributions to UIF, Medical and Pension Funds	7	22	7	22
	726	1 931	726	1 931

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022
32. Employee related costs (continued)				
Remuneration of Director: Planning and Human Settlements				
Annual Remuneration	420	1 815	420	1 815
Car Allowance	30	180	30	180
Acting Allowance	10	32	10	32
Contributions to UIF, Medical and Pension Funds	5	20	5	20
	465	1 847	465	1 847
Remuneration of Director: Technical and Infrastructure Services				
Acting Allowance	71	151	71	151
Remuneration of Director: Public Safety				
Annual Remuneration	1 399	1 386	1 399	1 386
Car Allowance	329	329	329	329
Acting Allowance	-	8	-	8
Contributions to UIF, Medical and Pension Funds	97	97	97	97
	1 825	1 820	1 825	1 820
Remuneration of Director: Rust Rapid Transport				
Acting Allowance	190	134	190	134
Total employee related cost	-	843 619	783 399	838 812
33. Remuneration of councillors				
Executive Major	1 523	1 384	1 523	1 384
Speaker	1 177	1 138	1 177	1 138
Mayoral Committee Members	12 757	11 369	12 757	11 369
Chief Whip	1 159	1 086	1 159	1 086
Councillors	39 415	37 798	39 415	37 798
Company Contributions to UIF, Medical and Pension Funds	6 012	6 339	6 012	6 339
	62 043	59 114	62 043	59 114
34. Depreciation and amortisation				
Property, plant and equipment	422 344	592 480	389 812	558 278
Investment property	7 291	9 231	7 291	9 231
Intangible assets	67	67	67	67
	429 702	601 778	396 970	567 576

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022
35. Impairment of assets				
Impairments				
Property, plant and equipment With the assessment of the useful life and inspection of the asset conditions impairments were recognised.	12 726	21 856	10 914	21 741
Inventories During the inventory count obsolete stock were identified and provided for.	4 358	7 699	4 358	7 699
Consumer Debtors Recoverability of receivables from exchange and non-exchange transactions were assessed and provision for impairment were identified.	945 633	537 432	945 633	537 432
Receivables from non-exchange revenue Recoverability of IGRAP receivables were assessed and provision for impairment were identified.	11 292	12 475	11 292	12 907
	974 009	579 462	972 197	579 779
36. Finance costs				
Employee benefits	26 276	21 276	26 276	21 276
Finance leases	1 541	2 441	1 541	2 441
Loans and Payables at amortised cost	30 200	34 026	30 200	34 026
Late payment of tax	1	8	1	-
Other interest - Eskom	-	3 227	-	3 227
	58 018	60 978	58 018	60 970
37. Bulk purchases				
Electricity	3 141 314	3 027 327	3 141 314	3 027 327
Water	476 495	403 923	640 750	549 647
	3 617 809	3 431 250	3 782 064	3 576 974
38. Contracted services				
Security services	32 877	29 313	32 877	29 313
Valuation services	5 772	4 321	5 772	4 321
Waste Removal	65 852	52 681	65 852	52 681

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022
38. Contracted services (continued)				
RRT Operator Compensation	176 314	26 833	176 314	26 833
Accounting and Auditing	495	685	495	685
Agriculture	92	3 502	92	3 502
Air Pollution	143	133	143	133
Audit Committee	54	-	54	-
Bus Rapid Transport	5 810	6 789	5 810	6 789
Business and Financial Management	25 613	29 571	25 613	29 571
Disaster Management	897	-	897	-
Enterprise Development	783	196	783	196
Forensic Investigators	422	221	422	221
Land and Quantity Surveyor	6	-	6	-
Legal Fees	30 932	30 912	30 932	30 912
Medical Examinations	22	34	22	34
Project Management	7 406	5 621	7 406	5 621
Revenue Enhancement	339	-	339	-
Meter Management	12 844	9 415	12 844	9 415
Water Quality	6 381	10 019	6 381	10 019
Board Member	-	183	-	183
Human Resource Management	-	1 266	-	1 266
Information Technology Management	-	599	-	599
Traffic Fines Management	-	115	-	115
	373 054	212 409	373 054	212 409

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022
39. General expenses				
Advertising	3 413	2 496	3 413	2 496
Auditors remuneration	15 198	15 293	14 043	14 270
Bank charges	2 066	4 761	2 059	4 752
Commission paid	24 892	51 487	24 892	51 487
Consumables	20 004	21 875	20 004	21 875
Entertainment	299	66	299	66
Legal Costs	989	1 780	-	-
Hire	7 947	7 183	7 947	7 183
Insurance	15 726	12 589	14 844	11 776
Marketing	612	95	612	95
Contribution for landfill sites	24 112	19 620	24 112	19 620
Printing and stationery	4 086	3 993	4 086	3 993
Repairs and maintenance	151 871	118 615	137 372	101 788
Subscriptions and membership fees and levies	10 612	9 885	10 612	9 885
Telephone and fax	6 365	5 436	6 365	5 436
Transport and freight	25 706	25 861	25 706	25 861
Training	1 284	-	1 284	-
Travelling Subsistence	1 483	275	1 483	275
Assets written off	11 827	19 783	11 827	19 783
Water	129 096	105 567	-	-
Consumption expenditure	102	466	102	466
Bad debts written off	-	365 820	-	365 820
Strategic Planning	1 452	3 643	-	-
License fees	3 435	9 119	3 222	9 022
Ward committee	7 367	3 388	7 367	3 380
Other expenses	23 291	23 813	23 291	23 813
	493 235	830 909	344 942	703 142

The amounts disclosed above for Other Expenses are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense.

40. Fair value adjustments

Other financial assets				
• Other financial assets	-	11	-	11

41. Auditors' remuneration

Fees	15 198	15 293	14 043	14 270
------	--------	--------	--------	--------

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022
42. Cash generated from operations				
Surplus (deficit)	146 823	(289 564)	72 969	(357 237)
Adjustments for:				
Depreciation and amortisation	430 478	602 167	397 744	568 108
Gain on disposal of assets	(4)	(9)	-	-
Fair value adjustments	-	(11)	-	(11)
Finance costs	31 741	36 467	31 741	36 467
Impairment loss	974 009	579 462	972 197	579 779
Movements in operating lease assets	22	19	22	19
Movements in employee benefit obligations	(8 589)	7 253	(8 589)	7 253
Movements in provisions	25 094	24 416	25 094	24 416
Changes in working capital:				
Inventory	6 904	(3 747)	6 904	(3 747)
Receivables from exchange and non-exchange transactions	(894 349)	(651 116)	(898 303)	(645 075)
Payables from Exchange transactions and other payables	(241 975)	210 361	(276 020)	144 782
	470 154	515 698	323 759	354 754

43. Financial instruments disclosure

Categories of financial instruments

Economic entity - 2023

Financial assets

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	218 937	218 937
Receivables from non-exchange transactions	-	45 168	45 168
Cash and cash equivalents	832 039	-	832 039
Investments	774	-	774
Guarantees	28 588	-	28 588
	861 401	264 105	1 125 506

Financial liabilities

	At fair value	At amortised cost	Total
Other financial liabilities	-	276 898	276 898
Payables from exchange transactions	-	953 215	953 215
Consumer Deposits	-	64 069	64 069
VAT Payable	-	289 150	289 150
Finance Lease Obligation	12 057	-	12 057
	12 057	1 583 332	1 595 389

Economic entity - 2022

Financial assets

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	272 807	272 807
Receivables from non-exchange transactions	-	58 232	58 232
Cash and cash equivalents	755 237	-	755 237

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022
43. Financial instruments disclosure (continued)				
Investments		695	-	695
Guarantees		29 090	-	29 090
		785 022	331 039	1 116 061

Financial liabilities

	At fair value	At amortised cost	Total
Other financial liabilities	-	312 965	312 965
Payables from exchange transactions	-	1 110 889	1 110 889
Consumer Deposits	-	60 253	60 253
VAT Payable	-	248 670	248 670
Finance lease obligation	23 134	-	23 134
	23 134	1 732 777	1 755 911

2022

Financial assets

	At fair value	At amortised cost	At cost	Total
Receivables from exchange transactions	-	200 432	-	200 432
Receivables from non-exchange transactions	-	45 168	-	45 168
Cash and cash equivalents	451 764	-	-	451 764
Investments	774	-	1	775
Finance lease receivables	-	929	-	929
Guarantees	28 588	-	-	28 588
	481 126	246 529	1	727 656

Financial liabilities

	At fair value	At amortised cost	Total
Other financial liabilities	-	276 898	276 898
Payables from exchange transactions	-	1 075 363	1 075 363
Consumer Deposits	-	64 069	64 069
VAT Payable	-	288 265	288 265
Finance Lease Obligation	12 057	-	12 057
	12 057	1 704 595	1 716 652

2023

Financial assets

	At fair value	At amortised cost	At cost	Total
Receivables from exchange transactions	-	249 987	-	249 987
Receivables from non-exchange transactions	-	58 232	-	58 232
Cash and cash equivalents	513 386	-	-	513 386
Investments	695	-	1	696
Finance lease receivables	-	1 290	-	1 290
Guarantees	29 090	-	-	29 090
	543 171	309 509	1	852 681

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

43. Financial instruments disclosure (continued)

Financial liabilities

	At fair value	At amortised cost	Total
Other financial liabilities	-	312 965	312 965
Payables from exchange transactions	-	1 263 578	1 263 578
Consumer Deposits	-	60 253	60 253
VAT Payable	-	251 289	251 289
Finance Lease obligation	23 134	-	23 134
	23 134	1 888 085	1 911 219

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 2022 - Economic entity	< 1 year	1 to 2 years	2 to 5 years	5+ years	Total
Other financial liabilities	36 088	40 001	118 476	118 420	312 965
Payables from exchange transactions	1 110 889	-	-	-	1 110 889
Consumer deposits	60 253	-	-	-	60 253
Finance lease obligation	11 077	12 057	-	-	23 134
VAT Payable	248 670	-	-	-	248 670
	1 466 957	52 058	118 476	118 420	1 755 911

30 June 2023 - Economic entity	< 1 year	1 to 2 years	2 to 5 years	5+ years	Total
Other financial liabilities	40 001	35 696	130 568	70 634	276 899
Payables from exchange transactions	953 215	-	-	-	953 215
Consumer deposits	64 069	-	-	-	64 069
Finance lease obligation	12 057	-	-	-	12 057
VAT Payable	289 150	-	-	-	289 150
	1 358 492	35 696	130 568	70 634	1 595 389

30 June 2022 - Controlling entity	< 1 year	1 to 2 years	2 to 5 years	5+ years	Total
Other financial liabilities	36 088	40 001	118 476	118 420	312 965
Payables from exchange transactions	1 263 578	-	-	-	1 263 578
Consumer deposits	60 253	-	-	-	60 253
Finance lease obligation	11 077	12 057	-	-	23 134
VAT Payable	251 289	-	-	-	251 289
	1 622 265	52 058	118 476	118 420	1 911 219

30 June 2023 - Controlling entity	< 1 year	1 to 2 years	2 to 5 years	5+ years	Total
Other financial liabilities	40 001	35 696	130 568	70 634	276 899
Payables from exchange transactions	1 075 363	-	-	-	1 075 363
Consumer deposits	64 069	-	-	-	64 069
VAT Payable	288 265	-	-	-	288 265
Finance lease obligation	12 057	-	-	-	12 057
	1 479 755	35 696	130 568	70 634	1 716 652

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022
44. Commitments				
Commitments in respect of Capital Expenditure				
Already contracted for but not provided for				
• Approved and contracted for	218 807	69 323	217 696	68 212
Total capital commitments				
Approved and contracted for	218 807	69 323	217 696	68 212

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

45. Contingencies

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022
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.	11 651	11 451	11 651	11 451
Reonet (Pty) Ltd. T/a Reonet Utility // RLM. Non-payment of services rendered –Automated meter reading water demand management programme	416	416	416	416
Bigen Africa Services (Pty) Ltd // RLM. Claim for non-payment of rendered professional roads and stormwater services rendered.	8 928	8 928	8 928	8 928
Eritha Door and Windows // RLM. Claim against RLM for outstanding amount for Cession agreement concluded with RLM (as subcontractor) of Makgothamishe. The Municipality cancelled the agreement with the main contractor because of poor performance	6 586	6 586	6 586	6 586
Mmela Investment Holdings (Pty) Ltd // RLM. Issued summons for claiming damages based on the grounds of cancellation of their appointment as per the Bid document.	651 958	651 958	651 958	651 958
Ian Phillip Muller / RLM. Claim for personal injuries suffered as a result of motor vehicle accident in which the Applicant alleges failure of legal duty by the municipality to keep proper maintenance of the road at or near Watsonia Avenue, Geelhout Park, Rustenburg.	1 124	1 124	1 124	1 124
Vesta//RLM. Court Application by RLM to review the contract as invalid, unlawful and unconstitutional. Various urgent interlocutory applications brought to restore and keep access to Phoenix accounting system.	24 962	24 962	24 962	24 962
RLM/ Makgotamishe. RLM has been issued with summons for payment.	71 763	71 763	71 763	71 763
Frans Lourens Rootman and Another // RLM and Executive Mayor. Claim in respect of the alleged Defamation of Character.	1 307	1 307	1 307	1 307
RLM / Novel Enterprises. Application for payment of the outstanding amounts for the supply of water tankers in various areas in Rustenburg.	2 515	2 515	2 515	2 515
Boffin & Fundi (PTY) LTD / RLM. Claim in respect of services rendered to conduct audit on all properties within the area of jurisdiction of RLM to reconcile with the billing system of RLM.	2 641	2 641	2 641	2 641
Aecom SA (Pty) Ltd / RLM. Claim for payment of professional service rendered –Waste disposal transfer station	8 618	8 618	8 618	8 618
Gabtu Project Management and Construction CC / RLM. Review and setting aside of the tender and claim for damages.	4 815	4 815	4 815	4 815
Lesley Molema /RLM. Review Application against the Arbitrator	701	2 557	701	2 557

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022
45. Contingencies (continued)				
Bogadi Gloria Thekwe and others / Ernst Dinale, RLM and Others. Application for claim of damages in respect of the property known as Erf. 2025 Geelhoutpark Ext 6, which is alleged to have extensive domestic refuse and therefore became unsuitable for residential purposes.	825	783	825	783
Waterlink Warehouse (PTY) LTD // RLM – CASE NO: 106/2016. Water link Warehouse (Pty) Ltd had issued Summons 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:	1 787	1 640	1 787	1 640
Crystal Lagoon Investments 43 CC // RLM. Application for a refund that was paid under protest in order to obtain Clearance Certificate.	384	384	384	384
PEC Utility Management (Pty) Ltd. // RLM. Dispute over municipal account	-	1 211	-	1 211
Geontsi // RLM. A claim in respect of the design, construction and monitoring of low cost housing at Bethanie Phase 2, Mathopetad Phase 2 and Boitekong Ext 8.	10 767	20 174	10 767	20 174
Ms Mbolekwa - Pupuma. Unfair suspension	6 195	1 625	6 195	1 625
SAMWU obo (Mfolwe, Mongae, Lephogole)/RLM: Unfair Dismissal	13 271	8 467	13 271	8 467
Telkom SA SOC Limited // RLM. Claim for damaged underground electronic communications facilities at various areas	281	281	281	281
Nkululeko Nkomo // RLM. Claim for matrimonial loss pursuant to refusal by RLM Security Officer to avail the facility booked for music festival event.	1 100	1 100	1 100	1 100
JL Mokgatle // RLM. The 2nd Defendant – Mr. Diratsagae – had an accident whilst driving a leased Toyota Hilux Double Cab (bearing registration number HRW 067 NW) around Sun City Pretoria Road. The Plaintiff alleges that the 2nd Defendant was negligent in that he failed to exercise proper care and control of the motor vehicle.	50	50	50	50
Thabane Motors / RLM. The plaintiff claims interest and costs against the RLM in respect of unpaid invoices for repairs and maintenance of the Municipality fleet	11 900	11 900	11 900	11 900
RLM / Vega Turkey Projects. Claim for services rendered.	1 026	826	1 026	826
Legoa Mokotsoa / minister of Police & Others. Plaintiff claims legal costs for unlawful arrest.	580	580	580	580
Ntja Paulus Sello / RLM. Member of the public claim for loss of income	86	86	86	86
Johannes Motshwane / RLM & Executive Mayor. Action instituted for alleged defamation against the RLM and the Executive Mayor	2 600	2 600	2 600	2 600
MMT Projects - Mosia motubatse Rental & Projects CC / RLM. Claim for services rendered.	4 533	4 533	4 533	4 533
KSP Group Pty Ltd / RLM. Claim for enforcement of contract and service level agreement.	328 842	328 842	328 842	328 842
RISE NOW TRADING 34 Pty Ltd R 478 / RLM. Claim for enforcement of contract and service level agreement	72 250	72 250	72 250	72 250
UMKHONTO PROFESSIONAL SERVICES PTY LTD R 479 / RLM. Claim for enforcement of contract and service level agreement	64 669	64 669	64 669	64 669

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022
45. Contingencies (continued)				
RWA Plant Hire / RLM. Claim against municipality based on alleged payment of trucklicense.	40	36	40	36
Lithadika CC t/a LT Services / RLM. Claim in respect of services rendered.	196	196	196	196
Orlando Ignatuis ntsala / RLM. Claim for unpaid invoices.	1 623	1 241	1 623	1 241
Mabaso ZA / RLM & Minister of Police. Action for unlawfull arrest and detention.	523	523	523	523
Sepumo Primary Cooperative / RLM. Plaintiff issued summons against RLM citing nonpayment for services rendered.	397	397	397	397
Visser / RLM. Summons issued after a water pipe burst and allegedly caused hervehicle to skid and it was damaged as a result.	-	55	-	55
SMEC South Africa / RLM. Plaintiff issued summons for payment of services rendered.	323	252	323	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.	2 850	2 850	2 850	2 850
Losaba Services CC / RLM. Claim in respect of services rendered.	2 373	1 836	2 373	1 836
ESKOM HOLDINGS SOC LTD / RLM. The municipality is disputing claims made by Eskom for unpaid invoices	-	28 495	-	28 495
ABINAAR MODIKELE MATLOKO vs THE RUSTENBURG LOCAL MUNICIPALITY. Legal proceedings launched by Mr Abinaar Modikele Matloko against the Rustenburg Local Municipality in terms of which Matloko claims that the Rustenburg Local Municipality allegedly published defamatory publications concerning Mr Matloko during or after August 2019.	1 205	1 205	1 205	1 205
UMSO CONSTRUCTION PTY LTD VS RUSTENBURG LOCAL MUNICIPALITY. Summons issued in respect of Contract RLM/MM/0063/2015/16 for services for Detail Design and Construction of the RTT Contract A, CBD North Section.	19 244	19 244	19 244	19 244
RLM / MWENZI SERVICE STATION. DAMAGES INTELLIGENCE EVERYWHERE ENTERPRISES PTY LIMITED // RLM Applicant and RLM 1st Respondent MICROSOFT SA PTY LIMITED 2nd Respondent and ELECTRONIC CONNECT PTY LIMITED 3rd Respondent. Application by Intelligence Everywhere to review and set aside the decision of the First Respondent dated October 2020. On review and setting aside of the impugned decision for an order declaring the contractual relationship between the applicant extant and ordering the payment of the sum of R 7 619 253.71 and legal costs other or alternative relief.	15 500	14 000	15 500	14 000
RUSTENBURG LOCAL MUNICIPALITY // REUBEN RINGETHA KUBAYI. 18 November 2019 & NW/RUS/RC469/2019	7 619	7 619	7 619	7 619
Bonakude Consulting (Pty) Ltd. // RLM. Bonakude have issued a combined summons for: Payment of R4 516 008.16; Interest thereon; Cost of suit; Other or alternative relief	440	440	440	440
	5 905	5 905	5 905	5 905

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022
45. Contingencies (continued)				
Lele William Kgatshe//Mphoentle Halenyane and RLM case no. 247/22. The plaintiff issued a summons for: Payment of R5 000 000; Interest in tempore morae; Costs of suits; Further and/or alternative relief	6 025	6 025	6 025	6 025
DIKGELE DISTRIBUTORS CC V RUSTENBURG LOCAL MUNICIPALITY M AT106644. Summons: Dikgele Distributors instituted action for services rendered to the Municipality for delivery of water tanks at its instance.	4 317	12 573	4 317	12 573
MAMPEPU CONSTRUCTION AND PROJECTS // RUSTENBURG LOCAL MUNICIPALITY. Mampepu issued summons against RLM for services rendered for delivery of water through water tanks.	31 916	31 916	31 916	31 916
SALBC//RLM. The matter is about agency fees where the bargaining council is accused of failing to deduct agency fees from the employees to the bargaining council.	548	500	548	500
PETER PERCY PHETOANE // RUSTENBURG LOCAL MUNICIPALITY. Summons issued against RLM from motor vehicle accident allegedly caused by employee of RLM during the scope of his employment.	108	108	108	108
KHABOKEDI WASTE MANAGEMENT // RLM. Claim against RLM for monies owed emanating from goods and/or services rendered to RLM	6 520	4 978	6 520	4 978
RUSTENBURG LOCAL MUNICIPALITY // J MOLUBI & 15 OTHERS. Eviction of unlawful occupiers	-	108	-	108
DROP DOT (PTY) LTD // RLM & 3 OTHERS. Application brought against RLM for payment of outstanding invoices	3 063	2 264	3 063	2 264
ABECO TANKS (PTY) LTD // SEFAKO ENGINEERING & RLM. Amounts due for services rendered.	3 824	3 387	3 824	3 387
SMEC South Africa / RLM. Payment of outstanding invoices	1 419	1 202	1 419	1 202
DAWID MARAIS / RLM. The Plaintiff claims damages to his vehicle as occasioned due to a pothole. Alleges that RLM negligently failed to repair and maintain the road.	11	52	11	52
MADHLOPA & THENGA INC. / RLM. The Plaintiff claims from RLM in terms of a collections agreement concluded between the parties. Plaintiff entitled to a % of what was collected by them on instructions of Plaintiff. Capital was R1,417,326.66 But RLM paid a portion after institution of proceedings. Outstanding capital is R447,798.28.	478	478	478	478
NEW SPACE DEVELOPMENT CLOSE CORPORATION // RUSTENBURG LOCAL MUNICIPALITY (ARBITRATION). Claim for R 10 400 000.00 in respect of a sale agreement between RLM and New Space which sale agreement RLM is disputing the validity of.	-	10 400	-	10 400

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022
45. Contingencies (continued)				
There was a legal matter brought to the high court by one trustee (applicant) against the Trust (respondent). The high court application was referred to arbitration in terms of the Trust Deed, this was finalised during 2021. A cost order was granted in the final arbitration order in favour of the applicant against the Trust in respect of part A of the Arbitration. The remaining step in the matter is for the arbitration award to be made an order of court, following which the applicant's bill of costs can be taxed to determine the due and payable amount. Based on the above outcome, the Trust has a possible obligation that arises from the final arbitration order (past event). The court order is the future event that will confirm the existence of the liability.	450	450	-	-
Luzerne New Bone Holdings T/A Rustenburg Local Municipality & Another. CASE NO: 303/2023. Summons issued for professional services rendered.	3 827	-	3 827	-
Ntiyiso Consulting (Pty) Ltd // RLM. Case No: 97/2023. Summons issued for professional services rendered.	12 159	-	12 159	-
MAT124870 RUSTENBURG PINE INN LODGE. M303/2020. Notice of Motion received regarding Rates & Taxes	189	-	189	-
ONEROI (PTY) LTD v/a RUSTENBURG SQUARE SPAR. 2818/22. Defamation claim due to a facebook posting	1 000	-	1 000	-
Telkom SA Soc Limited / RLM-(RUS-090-18). Case No: 8144/18. Civil Litigation-Telkom is claiming damages for the cost of repairs of its cables allegedly damaged by the Municipality's employees.	125	-	125	-
Telkom SA Soc Limited / RLM (RUS-062/17). Case No: 243/17. Civil Litigation-Telkom is claiming damages for the cost of repairs of its cables allegedly damaged by the Municipality's employees.	32	-	32	-
Telkom SA Soc Limited / RLM-RUS-068/17. Case No.: 101/17. Civil Litigation-Telkom is claiming damages for the cost of repairs of its cables allegedly damaged by the Municipality's employees.	244	-	244	-
Telkom SA Soc Limited / RLM (RUS-063/17). Case No: 223/17. Civil Litigation-Telkom is claiming damages for the cost of repairs of its cables allegedly damaged by the Municipality's employees.	60	-	60	-
Telkom SA SOC Limited / RLM (RUS-064/17). Case No: 223/17. Civil Litigation-Telkom is claiming damages for the cost of repairs of its cables allegedly damaged by the Municipality's employees.	66	-	66	-
Telkom SA SOC Limited / RLM (RUS-065/17). Case No: 102/17. Civil Litigation-Telkom is claiming damages for the cost of repairs of its cables allegedly damaged by the Municipality's employees.	26	-	26	-
Telkom SA Soc Limited / RLM (RUS-066/17). Case No: 103/17. Civil Litigation-Telkom is claiming damages for the cost of repairs of its cables allegedly damaged by the Municipality's employees.	36	-	36	-
Telkom SA Soc Limited / RLM (RUS-067/17). Case No: 231/17. Civil Litigation-Telkom is claiming damages for the cost of repairs of its cables allegedly damaged by the Municipality's employees.	21	-	21	-

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022
45. Contingencies (continued)	1 453 833	1 480 377	1 453 383	1 479 927

It is not practicable to estimate the level of uncertainty for each case. To assign probability levels or scales to matters under litigation is highly impractical due to the nature of litigation. Management exercises a high level of prudence in disclosing the maximum possible outcome of the contingent liabilities. In applying GRAP 19, the municipality considers all cases except where the possibility of an outflow in settlement is extremely remote. The amounts have been based on the attorney's best estimates of the possible amount payable.

Contingent assets

Figures in Rand Thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022
RLM/ MAKGOTAMISHE. RLM has instituted summons for payment. Plaintiff has counterclaim. Summons issued and served upon Makgotamishe. Awaiting notice of intention to defend and counterclaim. Action to proceed in the ordinary course. Matter will proceed and will be complex with expert evidence required	15 884	15 884	15 884	15 884
RUSTENBURG LOCAL MUNICIPALITY vs ZELPY 211 CC. Instructions from RLM to collect from Zelpy 211 CC	1 636	1 636	1 636	1 636
RUSTENBURG LOCAL MUNICIPALITY VS ODENDAAL WT. The Collections department issues summons on behalf the Rustenburg Local Municipality issued summons against Odendaal claiming payment of R103 164.72 arising from municipal account	112	112	112	112
RLM / KSP Group Pty Ltd. Counter application to review and set aside the tender. RLM pursuing recovery of funds.	87 546	94 574	87 546	94 574
RLM / RISE NOW TRADING 34 Pty Ltd R 478. Counter application to review and set aside the tender. RLM pursuing recovery of funds.	52 645	52 945	52 645	52 945
RLM / UMKHONTO PROFESSIONAL SERVICES PTY LTD R 479. Counter application to review and set aside the tender. RLM pursuing recovery of funds.	52 044	52 044	52 044	52 044
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	27 053	27 053
Sello Moraka / Forum for Service Delivery / RLM. Urgent application to declare and set aside the vacancy of the applicant as a councillor of the municipality	20	20	20	20
CMS WATER ENGINEERING CC, THEUNIS JACOBUS EHLERS N.O.; WILLIAM KGOMOTSO KUMBE N.O. JACEY KRUGER N.O.; VINESH DILSHOOK N.O.; ANDBOTSHELO ISHMAEL MPETE N.O. "RWST 2017/02 Mechanical and Electrical Works for the Upgrade of the Bospoort Water Treatment Works" by the Rustenburg Local Municipality to CMS Water Engineering CC on the grounds that several mandatory procurement processes were not complied with in terms of section 217 of the Constitution, 1996.	22 689	22 689	22 689	22 689

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022
45. Contingencies (continued)				
Sello Moraka / Forum for Service Delivery / RLM. Urgent application to declare and set aside the vacancy of the applicant as a councillor of the municipality	-	500	-	500
CMS WATER ENGINEERING CC, THEUNIS JACOBUS EHLERS N.O.; WILLIAMKGOMOTSO KUMBE N.O. JACEY KRUGER N.O.; VINESH DILSHOOK N.O.; ANDBOTSHELO ISHMAEL MPETE N.O. "RWST 2017/02 Mechanical and Electrical Works for the Upgrade of the Bospoort Water Treatment Works" by the Rustenburg Local Municipality to CMS Water Engineering CC on the grounds that several mandatory procurement processes were not complied with in terms of section 217 of the Constitution, 1996.	-	8 698	-	8 698
RLM // Ferrochrome Furnaces (Pty) Ltd. Collection of outstanding Electrical account of R22 549 538,33	-	22 550	-	22 550
Luzerne New Bone Holdings T/A Rustenburg Local Municipality & Another. CASENO:303/2023. Summons issued for professional services rendered.	3 643	-	3 643	-
Court order collection of arrears Mampepu Building Construction & Projects CC.1375/2020. Claim for services rendered (delivery of water via tankers)	10 000	-	10 000	-
Subtotal	273 272	298 705	273 272	298 705
	273 272	298 705	273 272	298 705

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

46. Related parties

Relationships

Controlled entities

Refer to note 7

Members of key management

Refer to note 32&33

Related party balances

Loan accounts - Owing (to) by related parties

Rustenburg Water Services Trust		929	1 290
---------------------------------	--	-----	-------

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

Rustenburg Water Services Trust - Water Sales	(138 991)	(160 760)
Rustenburg Water Services Trust - Grant & subsidy	(7 476)	(7 476)
Rustenburg Water Services Trust - IMQS Software	-	(2 713)

Related party transactions

Interest paid to (received from) related parties

Rustenburg Water Services Trust	(132)	(167)
---------------------------------	-------	-------

Purchases from (sales to) related parties

Rustenburg Water Services Trust	164 256	145 724
---------------------------------	---------	---------

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

Rustenburg Water Services Trust	-	5 012
---------------------------------	---	-------

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

Rustenburg Water Services Trust	-	(5 012)
---------------------------------	---	---------

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, Executive Management and RWST

KG Lebethe - Trustee	378
M Rapoo - Trustee	225
E Scheepers - Trustee	209
P Mayeza - Trustee	177
Marius Jacobs - CFO	1 452
	2 441

The transactions between the Trustees and The Rustenburg Water Services Trust is classified as related party transactions. The nature of the relationship is that the Trustees are on the board and thereby has an influence on financial and operating policies of the Trust.

Transactions and Balances between ABSA

Bank Limited and RWST

Interest received	19 111	5 873	-	-
Bank charges	(7)	(9)	-	-

The transactions between ABSA Bank limited and The Rustenburg Water Services Trust is classified as related party transactions. The nature of the relationship is that ABSA has the right to appoint one representative to the board of Trustees and thereby has an influence on financial and operating policies of the Trust.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

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.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

48. Prior period errors

Transactions reflected in this note are rounded to thousands.

The following Prior period error corrections were done for the 2021 financial year:

Unspent grants decreased by R2 122 and Retained earnings increased by R2 122 due to correction of balances that were not supported and showed no movement for at least three years.

Retained earnings decreased by R694 and Receivables from non exchange transactions decreased by R694 due to correction of balances that were not supported and showed no movement for at least three years.

Receivables from exchange transactions (Gross debtors) decreased by R1 556 920 and Receivables from exchange transactions (Impairment provision) increased by R1 556 920 due to interest write off by council and subsequent reversal of impairment provision.

Retained earnings decreased by R4 249 and Receivables from exchange transactions decreased by R4 249 due to reversal of billing on municipal accounts in line with prior year findings.

A decrease in Receivables from exchange transactions of R21 252, an increase in Receivables from non-exchange transactions of R191, a decrease in Retained earnings of R18 289 and a decrease in VAT payable of R2 772 occurred due to corrections made after year end to accounts due to various reasons which include over and under billing of customer accounts.

An increase in Retained earnings of R8 971, a decrease in VAT payable of R22 and a decrease in Payables from exchange of R8 948 occurred due to raising of invoices that were previously omitted.

A decrease in PPE of R682 and a decrease in Retained earnings of R682 occurred due to projects that were completed in prior years which were previously omitted.

The following Prior period error corrections were done for the 2022 financial year:

Receivables from exchange transactions (Gross debtors) decreased by R365 820, Receivables from exchange transactions (Impairment provision) increased by R365 820, General expenses increased by R365 820 and Impairment loss decreased by R365 820 due to interest write off by council and subsequent reversal of impairment provision.

A increase in Property Rates of R14 794, a decrease in Receivables from exchange transactions of R157 345, an increase in Receivables from non-exchange transactions R14 794, a decrease in Service Charges of R136 822 and a decrease in VAT payable of R20 523 occurred due to corrections made after year end to accounts due to various reasons which include over and under billing of customer accounts.

An increase in Finance costs of R1 521, an increase in General expenses of R1 838, a decrease in VAT payable of R276 and an increase in Payables from exchange of R3 635 occurred due to raising of invoices that were previously omitted.

An increase in Depreciation of R1 441, an increase in General expenses of R516 and a decrease in PPE of R1 957 occurred due to projects that were completed and assets disposed of in prior years which were previously omitted.

Commitments decreased by R9 188 due to removal of completed contracts in line with prior year findings.

Irregular expenditure increased by R58 795 due to findings raised in prior years that were investigated and additional items identified when the full population of payments and contracts were investigated.

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

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

48. Prior period errors (continued)

	Previously reported	Prior period error	Restated amount
Statement of financial position - extract Current assets			
Receivables from exchange transactions	455 652	(182 845)	272 807
Receivables from non-exchange transactions	43 941	14 291	58 232
Non-current assets			
Property, plant and equipment	8 959 055	(2 639)	8 956 416
Current liabilities			
Payables from exchange transactions	1 116 203	(5 314)	1 110 889
VAT Payable	272 263	(23 593)	248 670
Unspent Grants	167 521	(2 122)	165 399
Non-current liabilities			
Statement of changes in net assets - extract			
Accumulated Surplus	7 756 767	(140 164)	7 616 603
Statement of financial performance - extract			
Revenue			
Service Charges	4 230 992	(136 824)	4 094 168
Property Rates	486 412	14 794	501 206
Expenditure			
Depreciation and Amortization	600 336	1 442	601 778
Finance cost	59 467	1 521	60 978
General expenses	462 735	368 174	830 909
Losses			
Impairment loss	945 282	(365 820)	579 462

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 2021 and 30 June 2020 respectively:

Statement of financial position	2022	2021	2022	2021
Decrease in Unspent Grants	-	2 122	-	2 122
Increase in Retained Earnings	-	2 122	-	2 122
Decrease in Retained Earnings	-	694	-	694
Decrease in Receivables from Exchange	-	694	-	694
Decrease in Receivables from Exchange (Gross Debtor)	365 820	1 556 920	365 820	1 556 920
Increase in Receivables from Exchange (Impairment Provision)	365 820	1 556 920	365 820	1 556 920
Decrease in Retained earnings	-	4 249	-	4 249
Decrease in Receivables from exchange	-	4 249	-	4 249
Decrease in Receivables from exchange	157 345	21 252	157 345	21 252
Increase in Receivables from Non-exchange	14 794	191	14 794	191
Decrease in Retained earnings	-	18 289	-	18 289
Decrease in VAT Payable	20 253	2 772	20 253	2 772
Increase in Retained earnings	-	8 971	-	8 971
Decrease in VAT payable	276	22	276	22
Decrease in Payables from exchange	-	8 948	-	8 948
Increase in Payables from exchange	-	3 635	-	3 635
Decrease in PPE	1 957	682	1 957	682
Decrease in Retained earnings	-	682	-	682

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

48. Prior period errors (continued)

Statement of financial performance	2022	2021	2022	2021
Increase in General Expenses	365 820	-	365 820	-
Decrease in Impairment Loss	365 820	-	365 820	-
Increase in Property Rates	14 794	-	14 794	-
Decrease in Service charges	136 822	-	136 822	-
Increase in Finance Cost	1 521	-	1 521	-
Increase in General Expenses	1 838	-	1 838	-
Increase in Depreciation	1 441	-	1 441	-
Increase in General expenses	516	-	516	-
Notes to the financial statements	2 022	2 021	2 022	2 021
Decrease in Commitments	9 188	-	9 188	-
Increase in Irregular Expenditure	58 795	-	58 795	-

49. Comparative figures

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

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

50. Risk management

Financial risk management

Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2011.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 21, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 17 and the Statement of Changes in Net Assets.

Gearing Ratio's

The gearing ratio at the year-end was as follows:

Gearing Ratio's

Debt	(288 955)	(336 099)	(288 955)	(336 099)
Cash and Cash Equivalents	832 039	755 237	451 764	513 386
Total	543 084	419 138	162 809	177 287

Debt is defined as Long and Short-term Loans and Finance Lease Obligations.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The municipality's Finance department provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the municipality through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

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.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2023	2022	2023	2022

50. Risk management (continued)

Credit risk

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of fixed deposit investments, long-term receivables, other debtors, bank and cash balances.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Investments/Bank, Cash and Cash Equivalents

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

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 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

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 - 2023	Economic entity - 2022	2022	2023
Finance Lease Receivable	-	-	929	1 290
Receivables from exchange transactions	218 937	272 807	200 432	249 987
Receivables from non-exchange transactions	45 168	58 232	45 168	58 232
Cash and cash equivalents	832 039	755 237	451 764	513 386
Investments	774	695	775	696
Guarantees	28 588	29 090	28 588	29 090

Market risk

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

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 2023 - Economic entity 2023

Interest received for the year: -2%	441 801	(95 524)	Decrease in net surplus
Interest received for the year	537 325		
-			
Interest received for the year: +2%	632 849	95 524	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 2022 - Economic entity 2022

Interest received for the year: -2%	348 612	(84 512)	Decrease in net surplus
Interest received for the year	433 124		
-			
Interest received for the year: +2%	517 636	84 512	Increase in net surplus

Sensitivity analysis for financial instruments 2023 - Controlling entity 2023

Interest received for the year: -2%	425 782	(92 061)	Decrease in net surplus
Interest received for the year	517 843		
-			
Interest received for the year: +2%	609 904	92 061	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 2022 - Controlling entity 2022

Interest received for the year: -2%	343 742	(83 331)	Decrease in net surplus
Interest received for the year	427 073		
-			
Interest received for the year: +2%	510 404	83 331	Increase in net surplus

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

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. No foreign investments are done by the municipality.

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 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

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 2023, 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 economic entity to operate as a going concern. Management will continue to monitor and assess these matters on a regular basis

52. Events after the reporting date

No material events occurred with respect to the 2022/23 financial year end after the date of the statement of financial position in respect of loans, investments and any other aspects.

53. Unauthorised expenditure

Opening balance as previously reported	723 506	555 919	723 506	555 919
Opening balance as restated	723 506	555 919	723 506	555 919
Unauthorised expenditure current year	48 039	167 587	48 039	167 587
Authorised during the financial year	(549 881)	-	(549 881)	-
Closing balance	221 664	723 506	221 664	723 506

Analysed as follows: non-cash

Vote 1 - Executive Mayor and Vote 9 - Technical and Infrastructure : Origin 2011/12	-	161 635	-	161 635
Vote 1 - Executive Mayor : Origin 2012/13	-	356 873	-	356 873
Vote 1 - Executive Mayor and Vote 3 - Corporate Support Services : Origin 2013/14	-	31 373	-	31 373
Vote 1 - Executive Mayor, Vote 3 - Corporate Support Services, Vote 4 - Budget & Treasury and Vote 9 - Technical and Infrastructure : Origin 2021/22	-	167 587	-	167 587
	-	717 468	-	717 468

Analysed as follows: cash

Vote 1 - Executive Mayor : Origin 2011/12	-	748	-	748
Vote 5 - Public Safety and Vote 7 - Local Economic Development : Origin 2014/15	-	4 211	-	4 211
Vote 5 - Public Safety : Origin 2015/16	-	1 079	-	1 079
Vote 10 - Roads and Transport : Origin 2022/23	48 039	-	48 039	-
	48 039	6 038	48 039	6 038

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022
54. Fruitless and wasteful expenditure				
Opening balance as previously reported	35 587	32 996	35 587	32 996
Opening balance as restated	35 587	32 996	35 587	32 996
Expenditure incurred during the year	2 549	2 591	2 549	2 591
Closing balance	38 136	35 587	38 136	35 587

Expenditure incurred during the year resulted from interest and penalties levied to the value of R2 549.

55. Irregular expenditure

Opening balance as previously reported	5 900 377	5 574 009	5 900 377	5 574 009
Correction of prior period error	58 795	-	58 795	-
Opening balance as restated	5 959 172	5 574 009	5 959 172	5 574 009
Irregular expenditure incurred during the year	320 555	326 368	320 460	326 368
Closing balance	6 279 727	5 900 377	6 279 632	5 900 377

Analysis of irregular expenditure incurred current year - by nature

Procurement process not followed for legacy contracts	1 451	9 607	1 451	9 607
Proper procurement process not followed	319 104	316 761	319 009	316 761
	320 555	326 368	320 460	326 368

Analysis of irregular expenditure incurred - by timing

Origin of irregular expenditure - Pre and 2022/23	320 555	326 368	320 460	326 368
---	---------	---------	---------	---------

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.

Irregular expenditure is always calculated inclusive of VAT while the figures disclosed above have been presented in this set of financial statements exclusive of VAT.

56. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	10 453	9 864	10 453	9 864
Amount paid - current year	(10 453)	(9 864)	(10 453)	(9 864)
	-	-	-	-

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

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	2 292 322	2 360 554	2 292 322	2 360 554
Sold during the year	(2 078 109)	(2 144 003)	(2 078 109)	(2 144 003)
Unaccounted - Normal distribution losses - % of electricity (2023 - 9,34%); (2022 - 9,14%)	214 213	215 651	214 213	215 651
Loss (R): At Cost	298 448	272 282	298 448	272 282

Electricity losses occur due to inter alia, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections. The problem with tampered meters and illegal connections is an on-going process, with regular action being taken against defaulters. Faulty meters are replaced or repaired as soon as they are reported.

Water	Units (kl)	Units (kl)	Units (kl)	Units (kl)
Purchased during the year	46 521	41 214	46 521	41 214
Sold during the year	(22 529)	(22 067)	(22 529)	(22 067)
Unaccounted - Normal distribution losses - % of water (2023 - 51,57%); (2022 - 46,46%)	23 992	19 147	23 992	19 147
Loss (R): At Cost	268 835	196 238	268 835	196 238

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	84	3 064	84	3 064
Current year subscription / fee	15 198	15 293	15 198	14 269
Amount paid - current year	(15 282)	(18 273)	(15 282)	(17 249)
	-	84	-	84

PAYE and UIF

Current year subscription / fee	127 657	114 273	127 657	114 273
Amount paid - current year	(127 657)	(114 273)	(127 657)	(114 273)
	-	-	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	140 647	132 694	140 647	132 694
Amount paid - current year	(140 647)	(132 694)	(140 647)	(132 694)
	-	-	-	-

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

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 30/06/2023:

30/06/2023	Outstanding less than 90 days	Outstanding more than 90 days	Total
Clr LL MABE	1	1	2
Clr SP&IN PETLELE	3	89	92
Clr MALINGA F	1	38	39
Clr PB MOATSHE	6	71	77
Clr SNYDERS B C O EN M	6	81	87
Clr MN KUMBE	7	134	141
Clr G&MC RAMPOU	6	132	138
Clr NE MOKHABA	2	68	70
Clr RJ KOTU	2	53	55
Clr EM MOREI	2	46	48
Clr MFALADI L	4	94	98
Clr WL MAJOLO	4	75	79
Clr SERONGOANE J	14	241	255
Clr BB MAREKOA	4	65	69
Clr AS NHACUANGUE	3	38	41
Clr AM&GM PHALOLE	3	32	35
Clr MA&NL MODUKE	2	17	19
Clr SM MOTSHGWE	2	6	8
Clr RALOKWAKWENG J O	7	102	109
Clr SL SENTSHO	-	5	5
Clr VELA VKE	9	115	124
Clr JB MPELE	10	203	213
Clr AS&DM SETHONGA	2	39	41
Clr GN NKGWENG	7	110	117
Clr HMT NKE	1	1	2
Clr GS&GK MOTLHAMME	1	17	18
Clr PULE LG	1	4	5
Clr KOMBE OFENTSE JERREMIA	2	40	42
Clr NHACUANGUE NELIO	2	11	13
Clr NAGENG MOLEFE PIET	2	19	21
	116	1 947	2 063

30/06/2022	Outstanding less than 90 days	Outstanding more than 90 days	Total
Clr Marekoa BB	3	60	63
Clr Morei EM	2	55	57
Clr Rampou G&MC	6	169	175
Clr Nkgweng GN	6	118	124
Clr Mpele JB	8	250	258
Clr Kombe OJ	9	59	68
Clr Nageng MP	2	11	13
Clr Nhacuangue N	3	-	3
Clr Xatasi NS	8	8	16
Clr Ralokwakweng JO	6	91	97
Clr Serongoane J	11	262	273
Clr Motshgwe	3	12	15
Clr Petlele SP&IN	6	109	115

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022
56. Additional disclosure in terms of Municipal Finance Management Act (continued)				
Clr Majolo WL		4	84	88
		77	1 288	1 365

Not all councillors are owning properties and some councillors inherited arrear accounts from the properties where they were staying prior to being elected as councillors.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

57. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27838 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:

- Hiring of heavy duty trucks and yellow truck
- Property Valuers
- Repair and maintenance of Heat, ventilation, and Air-Conditioning systems
- Repair and maintenance of pumps
- Supply and delivery of miniature substations, transformers, ring main and metering units
- Water and sanitation material
- Repair and service of the standby generator
- Comprehensive mining risk assessment/ feasibility study
- Security services
- Vetting services
- Repair of damaged sewer pipe
- Supply and delivery of continuously graded hot premix asphalt
- Accommodation and Flights
- Upgrading of house connection
- Software Licence Fees
- Soccer game between Supersport United Vs Kaizer Chiefs Game
- Disciplinary hearings
- Service provider to offer Annual Fitness Test for Life Guards
- Valuation of long term employee benefits
- Supply and Delivery of Water Pumps

DEVIATION

- 1.Blue Marang
 - 2.Rebokhutlo trading & projects
 - 3.Nandz Trading and projects
 - 4.Kabelo Monong trading and projects
 - 5.Storky consulting & projects.
- Montane Property Valuers

- 1.LLT Refrigeration air-conditions and ventilation Pty Ltd,
 2. Mophiring engineering and mining supply (Pty) Ltd.
 3. Siphothando Trading enterprise,
 4. Grace4 Trading and Projects (Pty) Ltd,
 5. Kago Ya Boago (Pty) Ltd.
- Storky Consulting, Rebokhutlo Projects, Inkhokheli Business Enterprise

- 1.Electrical and pump centre,
2. Remmone trading enterprise and
3. Grace 4 trading and projects.

REASONS

Exceptional case where it was impractical to follow the SCM policy. Challenges in servicing and repairing the heavy-duty trucks and the yellow fleet.

Exceptional case where it was impractical to follow the SCM policy. Outcry by property owners due to high property values attached into their properties.

Exceptional case where it was impractical to follow the SCM policy. Repair and maintenance of Heat, ventilation, and Air-Conditioning systems.

Exceptional cases where it was impracticable to follow the Supply Chain Management Policy. Hiring of heavy duty trucks and yellow truck was required for service delivery

Exceptional case where it was impracticable to follow the Supply Chain Management Policy. Repair and maintenance of pumps and pumps

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022
57. Deviation from supply chain management regulations (continued)				
Gilema construction and trading, Thuto Multi holding, Maxenas (Pty) Ltd, Katlego Baphiring				Exceptional case where it was impracticable to follow the Supply Chain Management Policy. The bid was nonresponsive, and the bid was re-advertised for water and sanitation material.
Iris Karabo clement corporation				Exceptional case where it was impracticable to follow the Supply Chain Management Policy. Mechanical failure of the standby generator.
Mabotwane Security and White Leopard Security				Exceptional case where it was impracticable to follow the Supply Chain Management Policy. Security Services
Justicia Investigation				Exceptional case where it was impracticable to follow the Supply Chain Management Policy. Vetting Services
M CIVILS PTY LTD				Exceptional case where it was impracticable to follow the Supply Chain Management Policy. Repair of damaged sewer pipe caused by the fallen tree and collapsed storm water
M CIVILS PTY LTD				Exceptional case where it was impracticable to follow the Supply Chain Management Policy. Collapsed Bridge.
Rig holdings PTY LTD & Jack Traders Supplies Pty Ltd				Exceptional case where it was impracticable to follow the Supply Chain Management Policy. Supply and delivery of continuously graded hot premix asphalt
Mophiring engineering and mining supply				Exceptional case where it was impracticable to follow the Supply Chain Management Policy. Installation of heat, ventilation and air conditions (HVAC) at the Civic Centre.
Mogaki Civil Services				Exceptional case to connect and repair households where it was impractical to follow the Supply Chain Management Policy.
SalleyLee Travel				Exceptional case where it was impracticable to follow the Supply Chain Management Policy. South African delegation to attend Asian's cities Summit and Mayors' forum.
Mabofa Trading Service PTY LTD and Safcrete Construction				Exceptional case where it was impracticable to follow the Supply Chain Management Policy. Upgrading of Tlhabane outfall sewer, refurbishment of Boitekong sewer pumpstation, Ramochana sewer upgrade and house connections.
Supersport United				Produced or available from a sole provider only. Licence fees required for caseware software that is utilised to prepare the Annual Financial Statements. All backup files for more than five years are only accessible through caseware.
Supersport United				Produced or available from a sole provider only. Soccer game between Supersport United Vs Kaizer Chiefs Game with potential to enhance the Municipality revenue from the proceeds derived from sales.
Core 8 IT services				Exceptional case to pay annual licence fees where it was impracticable to follow the Supply Chain Management Policy.
ADAPT IT (Pty) Ltd				Produced or available from a sole provider only. Licence fees required for caseware software that is utilised to prepare the Annual Financial Statements. All backup files for more than five years are only accessible through caseware.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022
57. Deviation from supply chain management regulations (continued)				
Tema Travel and Tours (Pty) Ltd	Exceptional case for employees requiring accommodation to attend revenue master classes where it was impracticable to follow the Supply Chain Management Policy			
Dynamic Investment holdings (Pty) Ltd	Exceptional case where it was impracticable to follow the Supply Chain Management Policy. Supply and delivery of water pumps			
Morathi and Mataka Attorneys and Mafolo consulting	Exceptional case where it was impracticable to follow the Supply Chain Management Policy. Appointment of Employer Representative and appointment of chairperson to handle a disciplinary hearing against employees.			
Tema Travel and Tours (Pty) Ltd	Exceptional case where it was impracticable to follow the Supply Chain Management Policy. Transport and Accommodation for fifteen (15) councillors for Municipal Executives' Financial Management Programme			
Lifesaving South Africa	Produced or available from a single provider only. Annual Fitness Test for Life Guards training			
ARCH Actuarial Consulting	Exceptional case where it was impracticable to follow the Supply Chain Management Policy. Valuation of employee benefits and long service awards in terms of GRAP 25			
Water and Sanitation Services South Africa (Pty) Ltd (WSSA)	To provide essential water services. Monitoring of Industrial Effluent and Tanker Effluent, Sampling, Analysis and Measurement of Effluent Disposed by Industries and Tankers.			
Dup West Attorneys	To obtain an urgent court interdict to remove the squatters in front of the Rustenburg Sewer Plant			
Len Dekker Attorneys	Sec 12.22 of the RWST SCMP was used for exceptional cases where it was deemed impractical or impossible to follow official procurement processes. The CMS court was heading for the high court Case No M530/2020 and it did not make sense to procure new attorneys when the case was midway. Len Dekker Attorneys was appointed on a quotation basis in Dec'20 and in June'21 was extended to ensure the factual preparation of the Court case involving CMS is completed.			
Len Dekker Attorneys	Sec 12.22 of the RWST SCMP was used for exceptional cases where it was deemed impractical or impossible to follow official procurement processes. The RWST and its Trustees was challenged in The high court on an urgent basis and it did not make sense to procure new attorneys in this urgent matter.			

58. SCM regulation 45 disclosure

In terms of regulation 45 of the Municipal SCM regulations, the notes to the annual financial statements of a municipality must disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months including:

- the name of that person;
- the capacity in which that person is in the service of the state; and
- the amount of the award

NATURE	NAME OF OFFICIAL	CAPACITY OF OFFICIAL	AMOUNT OF AWARD
--------	------------------	----------------------	-----------------

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

58. SCM regulation 45 disclosure (continued)

Award made to Kabelo Ms. N Mofokeng Monong Trading. Official is a spouse to the director	Senior Finance Clerk	R2 571
Award made to Kabelo Ms. N Mofokeng Monong Trading. Official is a spouse to the director	Senior Finance Clerk	R738

59. Segment information

General information

Identification of segments

The segments were organised around the type of service delivered. Management uses these segments for determining strategic objectives.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Geographical considerations are not relevant for the purposes of determining reportable segments.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Electricity	Trading services - electricity
Water	Trading services - water
Refuse	Trading services - refuse
Sewerage and sanitation	Trading services - sewerage and sanitation
Property rates	Levying of property rates

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

59. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2022

	Property Rates	Electricity	Water	Sewerage and Sanitation	Refuse	Total
Revenue						
Revenue from non-exchange transactions	501 208	-	-	-	-	501 208
Revenue from exchange transactions	-	3 240 649	562 433	155 443	132 573	4 091 098
Government Grants & Subsidies	-	42 656	469 248	91 158	124 631	727 693
Other Revenue	1 557	16	9 977	18	1 328	12 896
Total segment revenue	502 763	3 283 321	1 041 658	246 619	258 532	5 332 893
Entity's revenue						5 332 893
Expenditure						
Employee Costs	30 903	47 672	70 444	8 687	43 776	201 482
Bulk Purchases	-	3 027 327	303 375	-	-	3 330 702
Other Expenses	128 264	219 951	851 127	173 967	287 081	1 660 390
Total segment expenditure	159 167	3 294 950	1 224 946	182 654	330 857	5 192 574
Total segmental surplus/(deficit)						140 319
Assets						
Infrastructure Assets	-	660 629	1 016 397	400 748	-	2 077 774
Assets Included in WIP	-	121 412	207 425	69 672	39 786	438 295
Receivables - Gross	572 648	865 443	2 271 939	532 877	566 816	4 809 723
Receivables - Accumulated Impairment	(530 107)	(801 081)	(2 264 703)	(563 366)	(597 642)	(4 756 899)
Total segment assets	42 541	846 403	1 231 058	439 931	8 960	2 568 893
Total assets as per Statement of financial Position						2 568 893
Liabilities						
Loans	-	(150 207)	(117 765)	(21 981)	-	(289 953)

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

	Property Rates	Electricity	Water	Sewerage and Sanitation	Refuse	Total
59. Segment information (continued)						
Total liabilities as per Statement of financial Position						(289 953)

The measurement basis and accounting policies of the reportable segments are consistent with that of the economic entity.

2023

	Property Rates	Electricity	Water	Sewerage and Sanitation	Refuse	Total
Revenue						
Revenue from non-exchange transactions	493 535	-	-	-	-	493 535
Revenue from exchange transactions	-	3 387 612	660 605	184 469	160 302	4 392 988
Government Grants & Subsidies	-	57 502	502 618	96 330	133 982	790 432
Other Revenue	1 180	8	22 370	15	782	24 355
Total segment revenue	494 715	3 445 122	1 185 593	280 814	295 066	5 701 310
Entity's revenue						5 701 310
Expenditure						
Employee costs	33 908	53 244	81 455	10 130	52 965	231 702
Bulk Purchases	-	3 141 314	357 265	119 230	-	3 617 809
Other Expenses	35 541	1 118 949	282 062	20 744	242 092	1 699 388
Total segment expenditure	69 449	4 313 507	720 782	150 104	295 057	5 548 899
Total segmental surplus/(deficit)						152 411
Assets						
Infrastructure Assets	-	622 271	1 005 209	371 218	-	1 998 698
Assets Included in WIP	-	150 782	167 134	103 720	39 786	461 422
Receivables - Gross	575 882	570 421	1 534 246	401 588	480 535	3 562 672
Receivables - Accumulated Impairment	(546 859)	(483 534)	(1 488 943)	(392 263)	(471 721)	(3 383 320)
Total segment assets	29 023	859 940	1 217 646	484 263	48 600	2 639 472

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

59. Segment information (continued)

Total assets as per Statement of financial Position						2 639 472
---	--	--	--	--	--	-----------

Liabilities

Loans	-	(131 993)	(103 889)	(20 018)	-	(255 880)
-------	---	-----------	-----------	----------	---	-----------

Total liabilities as per Statement of financial Position						(255 880)
--	--	--	--	--	--	-----------

60. Budget differences

Material differences between budget and actual amounts

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

60. Budget differences (continued)

Controlling entity:

Rental of Facilities and Equipment - Decrease due to lower demand and lower disposable income by consumers as a result of the high interest rate environment.

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 - An influx of renewals occurred in the previous year due to waiving of historical penalties during the covid period. This resulted in fewer renewals in the current year.

Interest Received - investment - Increase due to actively investing any surplus funds at competitive rates. Performance was also positively affected by the high interest rate environment.

Fines - We used collection of fines as a base for budgeting instead of fines issued as per iGRAP. Furthermore additional fines were issued for acts of non compliance.

Remuneration of councillors - Decrease due to delay in implementing the council oversight model, which would have carried an additional cost for Chairpersons of committees.

Depreciation and Amortisation - Decrease due to fewer than anticipated completed projects, which resulted in a lower depreciation charge for the year.

Impairment Losses - Increase in line with year end assessment and impairment methodology on the collectability of debtors. Budget was based on a projected collection rate.

Repairs and Maintenance - Less repairs and maintenance were done due to cashflow constraints. Focus was on emergency repairs and maintenance.

Bulk Purchases - Inadequate provision during the budgeting process. Increased usage and consumption due to easing of various restrictions that were previously in place under the Disaster Management Act.

Transfers and Subsidies - Increase due to payments to the Bus Operating Company which were previously recorded as contracted services but subsequently reclassified as transfer payments.

Contracted Services and General Expenses - Combined expenditure decrease due to cashflow constraints and delays in procurement processes. Various reclassifications between these two items in line with the latest mSCOA chart.

Gain on disposal of assets and liabilities - No gains realised during the financial year as disposal of various developments did not materialise.

Actuarial gains/losses - Not Budgeted for. Gains recognised in line with GRAP 25 as per expert valuation of employee benefits.

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 2022 to 30 June 2023.

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 2023.

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022
60. Budget differences (continued)				
Financial Performance	Original Budget	Adjustments	Adjusted Budget	
Property rates	516 902	10 000	526 902	
Service charges	4 806 042	(10 000)	4 796 042	
Rental of facilities and equipment	14 080	(1 500)	12 580	
Interest received - investments	26 217	-	26 217	
Interest received (trading)	428 086	30 000	458 086	
Fines, penalties and forfeits	9 399	-	9 399	
Licences and Permits	11 288	-	11 288	
Agency services	110 424	(20 000)	90 424	
Government Grants and Subsidies Received	1 558 965	39 722	1 598 687	
Other income	18 637	628	19 265	
Gains on disposal of assets	6 448	-	6 448	
Total revenue	7 506 488	48 850	7 555 338	
Employee related costs	905 598	-	905 598	
Remuneration of councillors	70 958	-	70 958	
Impairment losses	826 738	-	826 738	
Depreciation and Amortization	480 045	-	480 045	
Finance charges	85 409	(26 000)	59 409	
Bulk purchases - Electricity	2 617 167	-	2 617 167	
Inventory consumed - Water	547 166	(521)	546 645	
Contracted services	708 127	(33 862)	674 265	
Transfers and subsidies	20 292	39 800	60 092	
General expenses	250 573	22 728	273 301	
Total expenditure	6 512 073	2 145	6 514 218	
Surplus / (Deficit) for the year	994 415	46 705	1 041 120	
			-	-

Rustenburg Local Municipality

Consolidated Annual Financial Statements for the year ended 30/06/2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	Economic entity		Controlling entity	
	2023	2022	2023	2022

61. Accounting by principals and agents

In terms of GRAP 109 A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

The following arrangement meets the criterion for such arrangements where the municipality is the principal:

Rustenburg Transit (RF) Pty Ltd

The municipality appointed Rustenburg Transit (RF) Pty Ltd as the Bus Operating Company (BOC) to facilitate the operations of the Rustenburg Rapid Transport (RRT) project. This includes managing the transition process with the industry and affected operators.

In terms of GRAP 109 paragraph 45 When an entity determines that it is a principal in accordance with this Standard, it accounts for revenue and expenses arising from the transactions with third parties in its statement of financial performance. This is because the transactions with third parties are concluded for the benefit of the principal.

The municipality incurred expenditure of R144 356 and revenue of R0 in terms of the principal-agent arrangement.

The following arrangement meets the criterion for such arrangements where the municipality is the agent:

North West Department of Human Settlements

The municipality does the beneficiary identification for all housing projects within the Rustenburg jurisdiction on behalf of and for the benefit of the North West Department of Human Settlement as these beneficiaries are identified to occupy the RDP houses as part of fulfilling the mandate of the Provincial Department of Human Settlement to promote and facilitate the provision of adequate housing in its province within the framework of National Housing Policy as prescribed by Paragraph 7 of the Housing Act.

6.3 ANNUAL PERFORMANCE REPORT OF THE RUSTENBURG WATER SERVICES TRUST

RUSTENBURG WATER SERVICES TRUST



ANNUAL PERFORMANCE REPORT
1 JULY 2022 – 30 JUNE 2023

Prepared for:



Contact Person:
Mr Kagiso Lebethe
Cell: 078 617 2341
Email: kagiso.lebethe@rwst.co.za

Prepared by:



Contact Person:
Mr R Fowler
Cell: 083 407 4588
E-mail: Reinhart.Fowler@bigengroup.com

LIST OF CONTENTS

1. TERMS OF REFERENCE FOR THE RUSTENBURG WATER SERVICES TRUST (RWST)	3
2. PERFORMANCE PLAN SCORECARD FOR THE RWST	4
2.1 Key Performance Area (KPA 5): Basic Services and Infrastructure Development	4
Signatures	8
2.2 KPI 1: NUMBER OF SEWER PURIFICATION PLANTS OPERATED IN TERMS OF AGREED STANDARDS.	9
2.3 KPI 2.1: NUMBER OF SEWER PURIFICATION PLANTS MAINTAINED IN TERMS OF THE TRUST DEED.	9
KPI 2.2: PLANT AVAILABILITY OF SEWER PURIFICATION PLANTS MAINTAINED IN TERMS OF AGREED STANDARDS.	9
2.4 KPI 3: PERCENTAGE COMPLETION OF SEWER PURIFICATION PLANTS UPGRADING PROJECTS (BOITEKONG).	11
2.5 KPI 4: VOLUME OF TREATED WASTE WATER SUPPLIED TO THE INDUSTRIAL WATER OFF-TAKERS IN TERMS OF THE OFF-TAKE AGREEMENT.	11
2.6 KPI 5: PERCENTAGE COMPLIANCE IN THE TREATMENT OF SEWERAGE AT WASTE WATER TREATMENT WORKS IN TERMS OF DWS LICENSE AGREEMENT.	12
2.7 KPI 6: NUMBER OF WATER TREATMENT WORKS OPERATED	18
2.8 KPI 7.1: PLANT AVAILABILITY, NUMBER OF WATER TREATMENT WORKS MAINTAINED	18
KPI 7.2: PLANT MAINTENANCE OF WATER TREATMENT WORKS MAINTAINED	18
2.9 KPI 8: PERCENTAGE COMPLETION OF WATER TREATMENT PLANTS - CIVIL WORKS	19
2.10 KPI 9: VOLUME OF POTABLE WATER SUPPLIED TO RLM IN ACCORDANCE WITH THE WATER SUPPLY AGREEMENT	20
2.11 KPI 10: PERCENTAGE COMPLIANCE IN THE TREATMENT OF WATER FOR POTABLE USE IN TERMS OF DWS STANDARDS	21

ANNUAL PERFORMANCE REPORT FOR RUSTENBURG LOCAL MUNICIPALITY ON THE RUSTENBURG WATER SERVICES TRUST FOR THE PERIOD 1 JULY 2022 – 30 JUNE 2023

1. TERMS OF REFERENCE FOR THE RUSTENBURG WATER SERVICES TRUST (RWST)

The following report is the result of a performance assessment of the Rustenburg Water Services Trust, for the period from to 1 July 2022 to 30 June 2023. The report considers Treasury Guidelines dated May 2007 (ISBN: - 978-0-621-37152-9) entitled, "Framework for Managing Programme Performance Information." The Trust is committed to adhering to these guidelines.

The five objectives of the Trust are captured in the Business Plan, the Strategic Plan and Trust Deed and as such is as follows:

1. To procure the design for the required plant extension.
2. To procure the construction and oversee implementation.
3. To Operate and Maintain the following treatment plants:
 - Rustenburg wastewater treatment works,
 - Boitekong wastewater treatment works,
 - Monakato wastewater treatment works,
 - Lethabong wastewater treatment works,
 - Bospoort water treatment works,
 - Kloof water treatment works,

In the most cost-effective manner and for the purposes of maximizing the Trust Income to be distributed to the Beneficiary.

4. To provide potable water to RLM in accordance with the Water Services Agreement; and
5. To Supply treated water to the industrial water off-takers in terms of the Off Take agreements.

2. PERFORMANCE PLAN SCORECARD FOR THE RWST

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

Key Focus Area/Goal	Strategies	Area/Ward Served	KP 1 No.	KP Ref	Weight	Key Performance Indicator (KPI)	Baseline 2022/23	Portfolio of Evidence	2022/23 Annual Target	Annual Budget 2022/23 R'000	Period	Target	Performance	Score out of 3	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	OBU3	5	Number of functional sewer purification plants operated in terms of Trust Deed	4	47 log sheets of volumes of purification plants for Botshabong, Letshabong, Rustenburg and Mmabokato	4	R74.2	Q1	4	4	3	NA	NA
											Q2	4	4	3	NA	NA
											Mid-Year	4	4	3	NA	NA
											Q3	4	4	3	NA	NA
											Q4	4	4	3	NA	NA
											Annual	4	4	3	NA	NA
Service Delivery: Sustainable Livelihoods and resilient infrastructure	Sewer Purification	14, 15, 16, 20, 21, 25, 27, 28	2,1	OBU3	5	Number of sewer purification plants maintained in terms of the Trust Deed	4	Maintenance history for Botshabong, Letshabong, Rustenburg and Mmabokato	4	R13.3	Q1	4	4	3	NA	NA
											Q2	4	4	3	NA	NA
											Mid-Year	4	4	3	NA	NA
											Q3	4	4	3	NA	NA
											Q4	4	4	3	NA	NA
											Annual	4	4	3	NA	NA
Service Delivery: Sustainable Livelihoods and resilient infrastructure	Sewer Purification	14, 15, 16, 20, 21, 25, 27, 28	2,2	OBU3	5	% Plant availability of sewer purification plants maintained in terms of agreed standards	85%	Reports of 4 plants, assessing 10 selected items	85%	R13.3	Q1	85%	83.79%	3	NA	NA
											Q2	85%	80.85%	3	NA	NA
											Mid-Year	85%	82.33%	3	NA	NA
											Q3	85%	81.25%	3	NA	NA
											Q4	85%	84.02%	3	NA	NA
											Annual	85%	82.67%	3	NA	NA
Service Delivery: Sustainable Livelihoods and	Sewer Purification	20, 21	3	OBU2	10	Botshabong Upgrade, % completed 2019/2020	100% completed 2019/2020	Engineer's Completion Certificate	NA - 100% completed 2019/2020	-	Q1	100%	100% complete	3	NA	NA
											Q2	100%	100% complete	3	NA	NA

Key Focus Area/Goal	Strategies	Area/Work Service	RF / No.	OP Ref	U.S. / E.	Key Performance Indicator (KPI)	Baseline 2020/21	Portfolio of Evidence	2023/24 Annual Target	Annual Budget 2023/24 (€'000)	Period	Target	Performance	Score out of 3	Reasons for Variance (if any)	Essential Metrics
Resilient Infrastructure											Mid-Year	100% complete	N/A	3	N/A	N/A
											Q3	100% complete	N/A	3	N/A	N/A
											Q4	100% complete	N/A	3	N/A	N/A
											Annual	100%	N/A	3	N/A	N/A
Service Delivery Sustainable Livelihoods and resilient Infrastructure	Waste Water Supply	14, 10, 18	4	O&E 8	10	Volume of treated waste water reported to the industrial water off-takers in terms of the CO take Agreement	Average 25M/day	Anglo 6 inputs log sheets	Average 25M/day	€88.2	Q1	25 M/day	21.77M/d	2	Refer to page 11	Refer to page 11
											Q2	25 M/day	19.72M/d	2	Refer to page 11	Refer to page 11
											Mid-Year	25 M/day	20.79M/d	2	Refer to page 11	Refer to page 11
											Q3	25 M/day	16.74M/d	3	Refer to page 11	Refer to page 11
											Q4	25 M/day	16.48M/d	3	N/A	N/A
											Annual	25 M/day	20.91M/day	3	N/A	N/A
Service Delivery Sustainable Livelihoods and resilient Infrastructure	Waste Water Supply	All	8	O&E 10	10	Percentage compliance in the treatment of sewage at Waste Water Treatment Works in terms of AngloDNO formal agreement	80%	4 tables on water quality + lab certificates	80%	€81.5	Q1	80%	80.23%	2	Refer to pages 12-15	Refer to pages 12-15
											Q2	80%	80.97%	2	Refer to pages 12-15	Refer to pages 12-15
											Mid-Year	80%	80%	2	Refer to pages 12-15	Refer to pages 12-15
											Q3	80%	83.97%	2	Refer to pages 12-15	Refer to pages 12-15
											Q4	80%	74%	2	Refer to pages 12-15	Refer to pages 12-15
											Annual	80%	83.52%	2	Refer to pages 12-15	Refer to pages 12-15
Service Delivery Sustainable Livelihoods and resilient Infrastructure	Water Purification	All	8	O&E 4-6	8	Number of water treatment works operated	2	2 x log sheets of volumes for Biopoint and float	2	€45.0	Q1	2	2	3	N/A	N/A
											Q2	2	2	3	N/A	N/A
											Mid-Year	2	2	3	N/A	N/A
											Q3	2	2	3	N/A	N/A
											Q4	2	2	3	N/A	N/A
											Annual	2	2	3	N/A	N/A
Service Delivery Sustainable Livelihoods and resilient Infrastructure	Water Purification	All	7, 8	O&E 7-8	8	% Rent availability of water purification plants mentioned in	80%	2 reports for Biopoint and float assessing 10 selected items	80%	€13.3	Q1	80%	100%	3	N/A	N/A
											Q2	80%	88.33%	3	N/A	N/A
											Mid-Year	80%	88.18%	3	N/A	N/A

Key Focus Area/Initiative	Strategies	Area/Plant/Service	NP I No.	GP Ref	Weight	Key Performance Indicator (KPI)	Baseline 2022/23	Portfolio of Colours	2023/24 Annual Target	Revised Budget 2022/23 & 2024	Period	Target	Performance	Score out of 3	Reason for Variance (if any)	Revised Measures
						terms of agreed standards					Q1	87%	100%	3	18A	N/A
											Q4	87%	88.33%	3	18A	N/A
											Annual	87%	88.19%	3	18A	N/A
Service Delivery, Sustainable Livelihoods and resilient infrastructure	Water Purification	AI	3.2	DB1.3 v.2	2	Number of water purification plants maintained in terms of the Trust deed	2	Maintenance history for Reservoir and flood	2	R13.8	Q1	2	2	3	18A	N/A
											Q2	2	2	3	18A	N/A
											Mid-Year	2	2	3	18A	N/A
											Q3	2	2	3	18A	N/A
											Q4	2	2	3	18A	N/A
											Annual	2	2	3	18A	N/A
Service Delivery, Sustainable Livelihoods and resilient infrastructure	Water Purification	AI	8	DB1.2	10	Percentage completion of water treatment plants - out works upgrading project (Emerson)	100%	Engineers take over certificate	Completed	RT	Q1	N/A	N/A	3	18A	N/A
											Q2	N/A	N/A	3	18A	N/A
											Mid-Year	N/A	N/A	3	18A	N/A
											Q3	N/A	N/A	3	18A	N/A
											Q4	N/A	N/A	3	18A	N/A
											Annual	N/A	N/A	3	18A	N/A
Service Delivery, Sustainable Livelihoods and resilient infrastructure	Water Supply	AI	8	DB1.4	10	Volume of potable water supplied to RWM in accordance with the three Supply Agreement	Combined volume of 10.8 Ml/day	2 x kg sheets for Reservoir and flood	Combined Volume of 10.8 Ml/day	R13.9	Q1	Volume of 10.8 Ml/day	Average 9.88 Ml/day	2	Refer to page 21	Refer to page 21
											Q2	Combined volume: 10.8 Ml/day	Combined volume: 0.64 Ml/day	2	Refer to page 21	Refer to page 21
											Mid-Year	Combined volume: 10.8 Ml/day	Combined volume: 0.70 Ml/day	2	Refer to page 21	Refer to page 21
											Q3	Combined volume: 10.8 Ml/day	Combined volume: 10.23 Ml/day	2	Refer to page 21	Refer to page 21
											Q4	Combined volume: 10.8 Ml/day	Combined volume: 11.28 Ml/day	3	18A	N/A
											Annual	Combined volume: 10.8 Ml/day	Combined volume: 0.70 Ml/day	2	18A	N/A
Service Delivery, Sustainable Livelihoods and resilient infrastructure	Water Supply	AI	10	DB1.4	10	Percentage compliance in the detection of water at Water Treatment Works in terms	97%	2 x water quality reports and fac. certificates	97%	R13.4	Q1	97%	97.80%	3	18A	N/A
											Q2	97%	97.54%	3	18A	N/A
											Mid-Year	97%	97.62%	3	18A	N/A

Key Performance Indicator	Strategies	Area/Word	SP / No.	OP Ref.	Weight	Key Performance Indicator (KPI)	Source	Portfolio of Evidence	2022 Annual Target	Annual Budget 2022 (R'000)	Period	Target	Performance	Score out of 5	Reasons for Variance (if any)	Overall Measures	
						IF SAGE standards						Q3	95%	100%	5	NA	NA
												Q4	95%	97.54%	5	NA	NA
												Annual	95%	97.22%	5	NA	NA
Financial	Financial	AI	11	OB/1	5	Managers' staff services with government - in terms of efficiency.	1.0	Financial statement, refer to DSOH	1.0 times	1.0 times		Q1	+1.2	+1.2	5	NA	NA
												Q2	+1.2	+1.2	5	NA	NA
												Mid-Year	+1.2	+1.2	5	NA	NA
												Q3	+1.2	+1.2	5	NA	NA
												Q4	+1.2	+1.2	5	NA	NA
												Annual	+1.2	+1.2	5	NA	NA
Good Governance	Good Governance	AI	12		5	Percentage implementation of the Post Audit Action Plan (PAAP)	None	PAAP implementation Report	100%	20.00		Q1	100%	100%	5	NA	NA
												Q2	100%	100%	5	NA	NA
												Mid-Year	100%	100%	5	NA	NA
												Q3	100%	100%	5	NA	NA
												Q4	100%	100%	5	NA	NA
												Annual	100%	100%	5	NA	NA
Total					100							Q1			3042		
												Q2			3042		
												Mid-Year			3042		
												Q3			4042		
												Q4			4042		
												Annual			4042		

Key Performance Areas (KPIs)	KPI No.	KPI Weightings	KPI Score	Assess Weightings	Weighted Score	Panel Score
Number of functional sewer purification plants operated in terms of Trust Deed	1	3	3/3	100%	3/3	
Number of sewer purification plants maintained in terms of agreed standards	2.1	3	3/3	100%	3/3	
Plant availability of sewer purification plants maintained in terms of agreed standards	2.2	3	3/3	92.63%	3/3	
Percentage completion of sewer purification plants upgrading projects (Botlekong). Project completed 2019 / 2020.	3	3	3/3	100%	3/3	
Volume of treated wastewater supplied to the industrial water off-takers in terms of the Off-take Agreement	4	3	3/3	100%	3/3	
Percentage compliance in the treatment of sewerage at Wastewater Treatment Works in terms of DWS license agreement	5	3	2/3	63.50%	2/3	
Number of water treatment works operated in terms of agreed standards	6	3	3/3	100%	3/3	
Plant availability: Number of water treatment works maintained	7.1	3	3/3	99.16%	3/3	
Plant maintenance of water treatment works maintained	7.2	3	3/3	100%	3/3	
Percentage completion of water treatment plants - civil works upgrading project (Bospoort)	8	3	3/3	100%	3/3	
Volume of potable water supplied to RLM in accordance with the Water Supply Agreement	9	3	3/3	90.26%	2/3	
Percentage compliance in the treatment of water at Water Treatment Works in terms of DWS license	10	3	3/3	98.22%	3/3	
Debt Service Cover Ratio >1.5 times	11	3	3/3	100%	3/3	
Good Governance	12	3	3/3	100%	3/3	
Total KPA		42	42	95.98%	40/42	

Signatures

SIGNED AND ACCEPTED ON BEHALF OF COUNCIL	SIGNED AND ACCEPTED BY THE TRUST ACCOUNTING OFFICER
NAME: ADVOCATE AR KHUDDIGE	NAME: MR KAGISO LEBETHE
SIGNATURE:	SIGNATURE:
DATE:	DATE:

2.2 KPI 1: NUMBER OF SEWER PURIFICATION PLANTS OPERATED IN TERMS OF AGREED STANDARDS

RWST is responsible for the operation of the four-waste water treatment works, namely -

Rustenburg Wastewater Treatment Works	(42 Ml/d design capacity)
Boitekong Wastewater Treatment Works	(24 Ml/d design capacity)
Monakato Wastewater Treatment Works	(1 Ml/d design capacity)
Lethabong Wastewater Treatment Works	(2 Ml/d design capacity)

Water and Sanitation Services South Africa (Pty) Ltd, trading as Water Solutions Southern Africa (WSSA) has been contracted by the Rustenburg Water Services Trust (RWST) for the operation of these plants.

The volumes treated by each plant for the period under review, are captured below and are dependent on the inflow into the plant.

Table: 1 Waste Water Volumes Treated

PLANT	CAPACITY	1 July 2022 – 30 June 2023
Rustenburg WWTW	42 Ml/d	47.97Ml/d
Boitekong WWTW	24 Ml/d	8.22Ml/d
Monakato WWTW	1 Ml/d	2.29Ml/d
Lethabong WWTW	2 Ml/d	2.21Ml/d

All four WWTW were operated in terms of the agreed standards.

2.3 KPI 2.1: NUMBER OF SEWER PURIFICATION PLANTS MAINTAINED IN TERMS OF THE TRUST DEED.

There are 4 (four) wastewater treatment works maintained in terms of agreed standards, namely: Rustenburg, Boitekong, Monakato, Lethabong Wastewater Treatment Works.

KPI 2.2: PLANT AVAILABILITY OF SEWER PURIFICATION PLANTS MAINTAINED IN TERMS OF AGREED STANDARDS.

The successful operation of a Wastewater Treatment Works is largely dependent on the installed machinery and equipment to ensure that the wastewater can be treated according to the process the plant was designed for.

It is thus vital that all machinery and equipment be kept in good working condition and available for use when required.

Regular servicing and preventative maintenance however require that equipment be taken out of service for a certain period. It will thus not always be possible to obtain a 100% of all equipment availability and the target of 85% availability is set.

Monthly spot checks are performed by RWST to verify availability. The availability of the four wastewater treatment works is indicated below:

Table: 2 Plant availability

PLANT	CAPACITY	AVAILABILITY	
		Target	1 July 2022 – 30 June 2023
Rustenburg WWTW	42 M/d	85%	90.54%
Boitekong WWTW	24 M/d	85%	94.17%
Monakato WWTW	1 M/d	85%	90.84%
Lethabong WWTW	2 M/d	85%	95.00%
Overall plant availability			92.63%

Performance review -
Rustenburg, Boitekong, Monakato and Lethabong WWTW met the set target of 85%.

Reasons for variance -
None required.

Remedial Measures -
None required

2.4 KPI 3: PERCENTAGE COMPLETION OF SEWER PURIFICATION PLANTS UPGRADING PROJECTS (BOITEKONG).

Upgrade of the plant to 24 Ml/d was completed and defects liability period ended in June 2021.

Table 3: Boitekong Construction Progress

BOITEKONG WWTW CONSTRUCTION PROGRESS			
CONTRACT	PROGRESS		PROGRESS FOR PERIOD
	30 June 2022	30 June 2023	
Civil	100%	100%	-
M&E	100%	100%	-
Overall	100%	100%	-

2.5 KPI 4: VOLUME OF TREATED WASTEWATER SUPPLIED TO THE INDUSTRIAL WATER OFF-TAKERS IN TERMS OF THE OFF-TAKE AGREEMENT.

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 process water. Of this 10 Ml/d is allocated to Impala and 15 Ml/d to Anglo Platinum.

The average supplied volume is detailed in the table below.

Table 4: Average daily supply of treated effluent

Mine Name	Target	Average daily availability for the period 1 July 2022 – 30 June 2023	Compliance %
Anglo Platinum	15 Ml/d	16.47Ml/d	100%
Impala	10 Ml/d	13.44Ml/d	100%
Total	25 Ml/d	29.91Ml/d	100%

Performance review - Rustenburg WWTW achieved the average combined target of 25 Ml/d. There is low usage due to water positive situation (all their dams are still full due to high summer rains).

Reasons for variance –
 - Not applicable.

Remedial Measures -
 - None required.

2.6 KPI 5: PERCENTAGE COMPLIANCE IN THE TREATMENT OF SEWERAGE AT WASTEWATER TREATMENT WORKS IN TERMS OF DWS LICENSE AGREEMENT.

Water discharged from the wastewater treatment works needs to comply with the relevant Department of Water and Sanitation (DWS) Water Use License requirements. The new license limits were issued by DWS on 30 June 2022, thus compliance from July 2022 is measured based on the new limits.

2.6.1 BOITEKONG WASTEWATER TREATMENT WORKS

Table 5.2: New DWS License conditions for Boitekong WWTW

Determinant	Performance standard
pH	6.0 - 8.5
Elec. Conductivity	< 150 mS/m
COD	< 30 mg/l
Ammonia	< 0.1 mg/l
Nitrate	< 10 mg/l
Suspended Solids	< 25 mg/l
Faecal Coliform	< 150CFU/100 ml
Free Chlorine	< 0.25 mg/l
Orthophosphate	< 1.0 mg/l

Table 6: Performance of Boitekong WWTW for the period under review.

Determinant	Performance standard	Previous Performance 01 July 2021 - 30 June 2022		Current Performance 01 July 2022 - 30 June 2023		
		Performance achieved	Compliance %	New Performance standard	Performance achieved	Compliance %
• pH	• 6.5 - 8.5	• 7.40-8.10	100%	• 6.5-8.5	7.36-8.19	100%
• Elec. Conductivity	• <150 mS/m	• 106-144 mS/m	100%	• < 150 mS/m	99.00-188.00 mS/m	91.66%
• COD	• < 75 mg/l	• 15-57 mg/l	100%	• < 30 mg/l	15-142 mg/l	83.33%
• Ammonia	• <1 mg/l	• 0.10-5.65 mg/l	92%	• < 0.1 mg/l	0.10-28.60 mg/l	58.33%
• Nitrate	• < 15 mg/l	• 0.62-11.00 mg/l	100%	• < 10 mg/l	0.10-25.00 mg/l	91.66%
• Suspended Solids	• < 25 mg/l	• 2 - 10 mg/l	100%	• < 25 mg/l	2 - 75 mg/l	83.33%
• Faecal Coliform	• < 0 / 100ml	• 0 – 38 / 100ml	58%	• <0 / 100ml	0 – 67 / 100ml	50.00%
• Free Chlorine	• < 0.25 mg/l	• 0.22-0.39 mg/l	58%	• < 0.25 mg/l	0.18-16.44 mg/l	25%
• Orthophosphate	• < 1.0 mg/l	• 0.25-4.66 mg/l	75%	• < 1.0 mg/l	0.40-2.80 mg/l	58.33%
OVERALL COMPLIANCE			87%			68.54%

Performance review -

Boitekong WWTW did not meet the overall quality target of 90% over this period. The decline in performance score is because of the score measured against the new Water Uses Licence limits

Reasons for variance-

- High rate of power failures
- Low inflow volumes
- Sewer blockages outside RWST jurisdiction
- Intermittent flow due to water restrictions: there is no water at night.

Remedial measures -
RLM to appoint a Contractor to unblock main sewer line.

2.6.2 LETHABONG SEWAGE TREATMENT PLANT

Table 7: DWS License conditions for Lethabong WWTW

Determinant	Performance standard
pH	6.5 - 8.5
Elec. Conductivity	< 150 mS/m
COD	< 75 mg/l
Ammonia	< 1 mg/l
Nitrate	< 15 mg/l
Suspended Solids	< 25 mg/l
Faecal Coliform	< 0 / 100 ml
Free Chlorine	< 0.25 mg/l
Orthophosphate	< 1.0 mg/l

Table 8: Performance of Lethabong WWTW for the period under review.

Determinant	Performance standard	Previous Performance 01 July 2021 - 30 June 2022		Current Performance 01 July 2022 - 30 June 2023	
		Performance achieved	Compliance %	Performance achieved	Compliance %
• pH	• 6.5 - 8.5	• 7.63-8.74	92%	• 7.74-8.12	100%
• Elec. Conductivity	• <150mS/m	• 87-161 mS/m	92%	• 65-101 mS/m	100%
• COD	• < 75 mg/l	• 15-55 mg/l	100%	• 14-25 mg/l	100%
• Ammonia	• <1 mg/l	• 0.10-6.10 mg/l	75%	• 0.10-2.93 mg/l	83.33%
• Nitrate	• < 15 mg/l	• 4.5-11.3 mg/l	100%	• 5.6-61.4 mg/l	83.33%
• Suspended Solids	• < 25 mg/l	• 2-24 mg/l	100%	• 2-17mg/l	100%
• Faecal Coliform	• < 0/100ml	• 0-200 / 100ml	58%	• 0-193 / 100ml	75%
• Free Chlorine	• < 0.25 mg/l	• 0.18-0.45 mg/l	33%*	• 0.10-0.30 mg/l	25%
• Orthophosphate	• < 1.0 mg/l	• 0.86-1.77 mg/l	33%	• 0.86-4.33 mg/l	8.3%
OVERALL COMPLIANCE			75.8%		75%

Performance review -
Lethabong WWTW did not meet the overall quality target of 90%.

Reasons for variance -
Extremely low inflow volumes, due to numerous sewer blockages, outside the jurisdiction of RWST.

Remedial Measures -

- Issue of sewer blockages has been reported to and discussed with RLM; further urgent action required by RLM.
- The water and sewer reticulation systems in Lethabong need to be rehabilitated and refurbished by RLM.

2.6.3 MONAKATO SEWAGE TREATMENT PLANT

Table 9: DWS License conditions for Monakato WWTW

Determinant	Performance standard
pH	6.5 - 8.5
Elec. Conductivity	< 150 mS/m
COD	< 75 mg/l
Ammonia	< 1 mg/l
Nitrate	< 15 mg/l
Suspended Solids	< 25 mg/l
Faecal Coliform	< 0 / 100 ml
Free Chlorine	< 0.25 mg/l
Orthophosphate	< 1.0 mg/l

Table 10: Performance of Monakato WWTW for the period of review.

Determinant	Performance standard	Previous Performance 01 July 2021 - 30 June 2022		Current Performance 01 July 2022 - 30 June 2023	
		Performance achieved	Compliance %	Performance achieved	Compliance %
• pH	• 6.5 - 8.5	• 7.63-9.43	75%	• 7.51-9.08	83.33%
• Elec. Conductivity	• <150 mS/m	• 83-588 mS/m	83%	• 20-181 mS/m	75%
• COD	• < 75 mg/l	• 15-177 mg/l	17%	• 41-170 mg/l	8.3%
• Ammonia	• <1 mg/l	• 0.10-22.00 mg/l	17%	• 0.68-18.80 mg/l	8.3%
• Nitrate	• < 15 mg/l	• 0.25-7.85 mg/l	100%	• 0.10-41.30 mg/l	83.33%
• Suspended Solids	• < 25 mg/l	• 4-40 mg/l	67%	• 8-79 mg/l	41.66%
• Faecal Coliform	• < 0/100ml	• 0 - 0 / 100ml	100%	• 0 - 131 / 100ml	83.33%
• Free Chlorine	• < 0.25 mg/l	• 0.20-0.30 mg/l	33%	• 0.20-0.29 mg/l	25%
• Orthophosphate	• < 1.0 mg/l	• 1.32-2.88 mg/l	0%	• 0.22-6.04 mg/l	16.66%
OVERALL COMPLIANCE			54.7%		47%

Performance review -

Monakato WWTW did not meet the overall quality target of 90%.

Reasons for variance –

- Excessively high inflow volumes - above design capacity of the Works. Outside the jurisdiction of RWST.

Remedial Measures –

- Recent plant upgrade executed by RLM is not as per the business plan, capacity not increased as required. Matter has been discussed with RLM; further action required by RLM.
- Issue of high inflows possibly caused by excessive storm water ingress has been discussed with RLM, further action required by RLM.

2.6.4 RUSTENBURG SEWAGE TREATMENT PLANT

Table 11: DWS License conditions: Rustenburg WWTW

Determinant	Performance standard
pH	6 - 9
Elec. Conductivity	< 75 mS/m
COD	< 75 mg/l
Ammonia	< 1 mg/l
Nitrate	< 0.6 mg/l
Suspended Solids	< 25 mg/l
Faecal Coliform	< 150 counts/100 ml
Residual Chlorine	< 0.1 mg/l
Orthophosphate	< 1.0 mg/l

Table 12: Performance of Rustenburg WWTW for the period of review

Determinant	Performance standard	Previous Performance 01 July 2021 - 30 June 2022		Current Performance 01 July 2022 - 30 June 2023		
		Performance achieved	Compliance %	New Performance standard	Performance achieved	Compliance %
• pH	• 6.5 - 8.5	• 7.42-7.83	100%	• 6.0 - 9	7.40-8.05	100%
• Elec. Conductivity	• <150mS/m	• 71.70-106.00 mS/m	100%	• 75mS/m	66.80-140.00 mS/m	33.33%
• COD	• < 75 mg/l	• 15.00-59.00 mg/l	100%	• < 75 mg/l	26.00-218.00 mg/l	83.33%
• Ammonia	• <1 mg/l	• 0.10-18.90 mg/l	58%	• < 0.1 mg/l	0.55-45.40 mg/l	8.3%
• Nitrate	• < 6 mg/l	• 0.12-4.95 mg/l	100%	• < 0.6 mg/l	0.10-3.37 mg/l	100%
• Suspended Solids	• < 10 mg/l	• 2-19 mg/l	92%	• < 25 mg/l	2-74 mg/l	66.66%
• E-coli	• < 0 / 100ml	• 0-820 / 100ml	83%	• < 150counts/100 ml	0-2000 / 100ml	66.66%
• Free Chlorine	• < 0.20 mg/l	• 0.01-0.09 mg/l	100%	• < 0.1 mg/l	0.01-0.60 mg/l	91.66%
• Orthophosphate	• < 1.0 mg/l	• 1.03-9.12 mg/l	25%	• < 1 mg/l	10.82-19.00 mg/l	16%
OVERALL COMPLIANCE			81.4%			62.96%

Performance review -
Rustenburg WWTW did not meet the set quality target of 90%.

Reasons for variance –

- Inflow into plant exceed the design capacity.
- Electrical conductivity into the plant exceeds the license limits. The plant was not designed to reduce electrical conductivity.
- Power failures inhibit the ability of the plant.
- Sporadic inflow of poor water quality because of industrial effluent
- Inflows exceed design capacity.

Remedial Measures -

Industrial flow quality is monitored daily, and issues addressed with relevant industries.

Table 13: Summary of the quality performance achieved by the 4 WWTW for the period of review, is tabled below:

PLANT	CAPACITY	PERFORMANCE	
		TARGET	JULY 2022 – JUNE 2023
Rustenburg WWTW	42 Ml/d	90%	62.96%
Boitekong WWTW	24 Ml/d	90%	68.54%
Monakato WWTW	1 Ml/d	90%	47%
Lethabong WWTW	2 Ml/d	90%	75%
Overall performance			63.38%

2.6.5 Effluent Quality (Anglo Platinum standards)

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 to meet the following standards:

Table 14: Anglo Platinum Quality Standards

PARAMETER	UNIT	CONTRACTED QUALITY	
		MAXIMUM	REJECT
pH	pH Units	7.5 Min - 7.8 Max	6.8 Min - 8.2 Max
TOC	mg/l	20	> 25
COD	mg/l	60	> 75
TSS	mg/l	8	> 10
Alkalinity	mg/l	300	> 350
Ammonia	mg/l	5	> 10
Nitrate	mg/l	10	> 15
O-Phosphate	mg/l	9	> 10
Fats	mg/l	4	> 5
TDS	mg/l	1800 (150 µS/m)	> 2000 (200 µS/m)
Ca	mg/l	350	> 400
Mg	mg/l	75	> 100
Na	mg/l	150	> 400
SO ₄	mg/l	200	> 300
Cl	mg/l	450	> 500
Turbidity	NTU	10	> 15
E. coli	CFU/100ml	0	> 1000
Total Plate Count	CFU/100ml	1000	> 10000

The water quality is monitored daily.

Table 15 below gives an indication of the performance of the DAF plant during the period under review, 1 July 2022 to 30 June 2023, and includes the performance of the previous period.

Table 15: Quality Measurement at Rustenburg Wastewater Treatment Works (Anglo Standards)

Determinant	Performance standard	Previous Performance 01 July 2021 - 30 June 2022		Current Performance 01 July 2022 - 30 June 2023	
		Performance achieved	Compliance %	Performance achieved	Compliance %
pH	7.5 - 7.8 pH-Units	7.49-7.88 pH-Units	75% ¹	7.49-7.86 pH-Units	83.33%
TOC	< 20 mg/l	5.49-16.90 mg/l	100%	5.29-16.60 mg/l	100%
COD	60 mg/l	18.00-67.00 mg/l	92%	16.00-109.00 mg/l	94.11%
TSS	< 8 mg/l	2.00-13.00 mg/l	83%	2.00-37.00 mg/l	88.23%
Alkalinity	<300 mg/l	135.00-204.00 mg/l	100% ¹	131.00-276.00 mg/l	100%
Ammonia	5 mg/l	0.10-2.23 mg/l	100%	0.10-30.40 mg/l	33.33%
Nitrate	10 mg/l	3.43-9.63 mg/l	100%	0.10-43.50 mg/l	94.11%
O-Phosphate	< 9 mg/l	1.36-6.32 mg/l	100%	0.89-10.60 mg/l	94.11%
Fats	< 4 mg/l	0.50-16.00 mg/l	83%	0.50-3.00 mg/l	100%
TDS	1800 mg/l	476.00-670.00 mg/l	100% ¹	488.00-748.00 mg/l	100%
Ca	0 - 350 mg/l	27.50-37.20 mg/l	100% ¹	27.90-40.00 mg/l	100%
Mg	0 - 75 mg/l	22.00-28.50 mg/l	100% ¹	23.10-28.70 mg/l	100%
Na	0 -150 mg/l	48.20-93.40 mg/l	100% ¹	44.70-98.30 mg/l	100%
SO ₄	0 – 200 mg/l	71.10-124.00 mg/l	100% ¹	62.90-132.00 mg/l	100%
Cl	0 – 450 mg/l	93.00-152.00 mg/l	100%	9365.10-139.00 mg/l	100%
Turbidity	0 - 10 NTU	1.25-6.32 NTU	100%	1.12-16.90 NTU	94.11%
E. coli	0 CFU/100ml	0-154 CFU/100ml	83%	0-2000CFU/100ml	75%
OVERALL COMPLIANCE			95.3%		91.54%

Performance review -
Rustenburg WWTW (DAF) met the set quality target of 90%.

Reasons for variance-
None required.

Remedial measures-
None required.

2.7 KPI 6: NUMBER OF WATER TREATMENT WORKS OPERATED

RWST is responsible for the operation and maintenance of the following two water treatment plants:

Kloof Water Treatment Works	(2 Ml/d design capacity)
Bospoort Water Treatment Works	(12 Ml/d design capacity)

Water and Sanitation Services South Africa (Pty) Ltd, trading as Water Solutions Southern Africa (WSSA) has been contracted by the Rustenburg Water Services Trust (RWST) for the operation of these plants.

The volumes treated by each plant for the period under review are captured below.

Table 16: Volumes treated by each plant for the period under review are captured below:

PLANT	CAPACITY	1 July 2022 – 30 June 2023
Bospoort WTW	12 Ml/d	9.06Ml/d
Kloof WTW	2 Ml/d	0.69Ml/d

2.8 KPI 7.1: PLANT AVAILABILITY, NUMBER OF WATER TREATMENT WORKS MAINTAINED

There are 2 (two) water purification plants maintained in terms of agreed standards, namely Bospoort and Kloof Water Purification Works.

KPI 7.2: PLANT MAINTENANCE OF WATER TREATMENT WORKS MAINTAINED

The successful operation of a Water Treatment Works is largely dependent on the installed machinery and equipment to ensure that the water can be treated according to the process the plant was designed for.

It is thus vital that all machinery and equipment be kept in good working condition and available for use when required.

Regular servicing and preventative maintenance however require that equipment be taken out of services for a certain period. It will thus not always be possible to obtain a 100% of all equipment availability and the target of 85% availability is set.

RWST has contracted WSSA to operate and maintain the two water treatment plants under its control.

Monthly spot checks are performed by RWST to verify availability. The availability of the four wastewater treatment works is indicated below.

Table 17: Availability of the 2 Water Treatment Plants

PLANT	CAPACITY	AVAILABILITY	
		TARGET	1 July 2022 – 30 June 2023
Bospoort WTW	12 M/d	85%	99.16%
Kloof WTW	2 M/d	85%	99.16%
Overall plant availability			99.16%

Performance review -
Both plants exceeded the target of 85%.

Reasons for variance -
Turnaround time for maintenance is quicker than allowed for.

Remedial Measures -
None required.

2.9 KPI 8: PERCENTAGE COMPLETION OF WATER TREATMENT PLANTS - CIVIL WORKS UPGRADING PROJECT (BOSPOORT WTW)

Bospoort Water Treatment Works underwent upgrading under the contract of the RWST. The Civil component of the work was completed in November 2020.

The Mechanical and Electrical component of the work has not yet been procured.

Table 18: Bospoort WTW Construction Progress

BOSPOORT WTW CONSTRUCTION PROGRESS			
CONTRACT	PROGRESS		PROGRESS FOR PERIOD
	30 June 2022	June 2023	
Civil	100%	100%	-
M&E	-	-	-
OVERALL CONSTRUCTION PROGRESS	-	-	-

Performance review -
Not applicable

Reasons for variance –
Not applicable

Remedial Measures -
Not applicable

2.10 KPI 9: VOLUME OF POTABLE WATER SUPPLIED TO RLM IN ACCORDANCE WITH THE WATER SUPPLY AGREEMENT

Bospoort Water Treatment Works has a design capacity of 12 Ml/d and Kloof Water Treatment Works a capacity of 2 Ml/d. WSSA has been contracted by the RWST for the operation of these plants.

The average volumes of water supplied to RLM is in accordance with the water supply agreement for the period under review, is tabled below.

Table 19: Average volumes of water supplied to RLM

PLANT	CAPACITY	PERFORMANCE	
		Combined target: 10.8 Ml/d	1 July 2022 – 30 June 2023
Bospoort WTW	12 Ml/d	9.6 Ml/d	9.06Ml/d
Kloof WTW	2 Ml/d	1.2 Ml/d	0.69Ml/d
Combined volume			9.75Ml/d

Performance review -
Neither of the WTW met the required production rates for the period under review.

Reasons for variance -
Loadshedding.

Remedial Measures -
Bospoort and Kloof WTW are not exempted from loadshedding by Eskom.

2.11 KPI 10: PERCENTAGE COMPLIANCE IN THE TREATMENT OF WATER FOR POTABLE USE IN TERMS OF DWS STANDARDS

The required standard for both Bospoort Water Treatment Works as well as Kloof Water Treatment Works is regulated by SANS 241.

In accordance with the water supply agreement, RWST must supply potable water to RLM which is fully compliant with SANS 241 as in table 20 below from the Bospoort and Kloof Water Treatment Works.

Table 20: SANS 241 Standards

SANS 241 Determinant	Performance standard
Colour Pt-Co	< 15
Treated Conductivity (mS/m)	< 170 mS/m
TDS	< 1200 mg/l
pH	> 5.0 < 9.7 pH Units
Turbidity NTU	< 1 NTU
Calcium (mg/l)	< 150 mg/l
Faecal Coliform	< 0 /100m ^l
Chloride (mg/l)	< 300 mg/l
Fluoride (mg/l)	< 1.5 mg/l
Magnesium (mg/l)	< 70 mg/l
Sulphate (mg/l)	< 250 mg/l
Heterotrophic Plate Count cfu/m ^l	< 1000 /m ^l
Total Coliform cfu/100m ^l	< 10 cfu/100m ^l
Free Chlorine (mg/l)	< 5 mg/l

BOSPOORT WTW

Table 21: The quality performance achieved by Bospoort WTW for the period of review is tabled below.

Determinant	Performance standard (SANS 241)	Previous Performance		Current Performance	
		01 July 2021 - 30 June 2022		01 July 2022 - 30 June 2023	
		Performance achieved	Compliance %	Performance achieved	Compliance %
Colour Pt-Co	• <15	9 - 10	100%	5-10	100%
Treated Conductivity (mS/m)	• <170 mS/m	111-134 mS/m	100%	51-143 mS/m	100%
TDS	• <1200 mg/l	761-1200 mg/l	100%	348-939 mg/l	100%
pH (pH units)	• >5.0 <9.7	7.63-7.87	100%	6.85-7.69	100%
Turbidity NTU	• <1	0.29-0.91	100%	0.29-1.47	92%
Calcium (mg/l)	• <150 mg/l	58.2-85.5 mg/l	100%	31.2-177.00 mg/l	92%
Faecal Coliform	• <0 cfu/100ml	0 - 0 cfu/100ml	100%	0 - 0 cfu/100ml	100%
Chloride (mg/l)	• <300 mg/l	169-233 mg/l	100%	81-210 mg/l	100%
Fluoride (mg/l)	• <1.5 mg/l	0.05-0.31 mg/l	100%	0.10-0.36 mg/l	100%
Magnesium (mg/l)	• <70 mg/l	36.7-78.0 mg/l	92%	18.1-48.5 mg/l	100%
Sulphate (mg/l)	• <250 mg/l	86-180 mg/l	100%	74-229 mg/l	100%
Heterotrophic Plate Count cfu/ml	• <1000 cfu/ml	0-430 cfu/ml	100%	0-87 cfu/ml	92%
Total Coliform cfu/ml	• <10 cfu/100 ml	0-2.5 cfu/100ml	100%	0-10 cfu/100ml	92%
Free Chlorine (mg/l)	• <5 mg/l	1.38-2.07 mg/l	100%	1.06-1.95 mg/l	100%
OVERALL COMPLIANCE:			99.4%		97.71%

Performance review –

Bospoort WTW met the set target of 95%.

Reasons for variance -

None required.

Remedial measure-

None required.

KLOOF WTW

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.

Table 22: The quality performance achieved by Kloof WTW for the period of review is tabled below.

Determinant	Performance standard (SANS 241)	Previous Performance 01 July 2021 - 30 June 2022		Current Performance 01 July 2022 - 30 June 2023	
		Performance achieved	Compliance %	Performance achieved	Compliance %
		Colour Pt-Co	• <15	10.00-10.67	100%
Treated Conductivity (mS/m)	• <170mS/m	6.55-178.00 mS/m	92%	7.17-23.26mS/m	100%
TDS	• <1200 mg/l	44.00-95.00 mg/l	100%	48.00-155.67mg/l	100%
pH	• >5.0 <9.7 pH Units	7.15-9.92 pH Units	92%	7.37-8.14pH Units	100%
Turbidity NTU	• <1 mg/l	0.32-1.44 mg/l	50%	0.30-1.71mg/l	67%
Calcium (mg/l)	• <150 mg/l	4.29-21.50 mg/l	100%	5.16-8.99mg/l	100%
Faecal Coliform	• <0 cfu/100ml	0 - 0 cfu/100ml	100%	0 - 0 cfu/100ml	100%
Chloride (mg/l)	• <300 mg/l	5.21-409.00 mg/l	92%	4.07-45.39mg/l	100%
Fluoride (mg/l)	• <1.5 mg/l	0.05-0.29 mg/l	100%	0.10-0.14mg/l	100%
Magnesium (mg/l)	• <70 mg/l	3.06-7.45 mg/l	100%	3.28-7.93mg/l	100%
Sulphate (mg/l)	• <250 mg/l	2.39-17.80 mg/l	100%	1.27-9.80mg/l	100%
Heterotrophic Plate Count cfu/100ml	• <1000 cfu/ml	0-34 cfu/ml	100%	0-24 cfu/ml	100%
Total Coliform cfu/100ml	• <10 cfu/100ml	0-0 cfu/100ml	100%	0-2 cfu/100ml	100%
Free Chlorine (mg/l)	• <5 mg/l	0.24-0.98 mg/l	100%	0.20-0.46mg/l	100%
OVERALL COMPLIANCE:			94.7%		97.64%

Performance review -
Kloof met the set target of 95%.

Reasons for variance –
None required.

Remedial Measures -
None required.

Table 23: Summary of the quality performance achieved by the 2 WTW for the period of review, is tabled below.

PLANT	CAPACITY	PERFORMANCE	
		Target @ 90% capacity	1 July 2022 – 30 June 2023
Bospoort WTW	12 Ml/d	95%	97.71%
Kloof WTW	2 Ml/d	95%	97.64%
Overall performance			97.68%

Performance review –

Both Bospoort and Kloof WTW met the set target of 95%.

Reasons for variance -

None required.

Remedial measure-

None required.

3. GOOD GOVERNANCE

Most of the Auditor General's findings from the 2022/23 audit, for the Trust, will be addressed in the current financial year, 2023/2024. The findings from the previous audit are as follows:

RUSTENBURG WATER SERVICES TRUST POST AUDIT ACTION PLAN				Percentage Completion		
AG Issue	RWST Plan	Responsible person	Due Date	Q1	Q2	Q3
Revaluation not done	Trust will do the revaluation this year and back date to 30 June 2022.	Board and CFO	31/07/2023			
Financial Instruments	Disclosure issue in AFS. There is a lot of disclosure issues that were raised by the AG. The Trust will make sure that all the issues raised by the AG will be addressed when compiling the 2023 AFS.	CFO	31/08/2023			
Actual versus budget comparison	Disclosure issue in AFS. There is a lot of disclosure issues that were raised by the AG. The Trust will make sure that all the issues raised by the AG will be addressed when compiling the 2023 AFS.	CFO	31/08/2023			
Accounting policy on contingent liabilities not disclosed	Disclosure issue in AFS. There is a lot of disclosure issues that were raised by the AG. The Trust will make sure that all the issues raised by the AG will be addressed when compiling the 2023 AFS.	CFO	31/08/2023			
Mid-year performance assessment not submitted to the Parent Municipality within the legislated timeframe	The report was submitted but the email could not be found. We have already submitted the report this year	RCC	20/01/2023			
Trust does not have a fraud prevention plan	The Trust will compile and implement a fraud prevention plan	Board and CFO	31/05/2023			
Lack of process on consequence management	The Trust will compile and implement a consequence management report	Board and CFO	31/05/2023			
Under statement of contingent liability	Disclosure issue in AFS. There is a lot of disclosure issues that were raised by the AG. The Trust will make sure that all the issues raised by the AG will be addressed when compiling the 2023 AFS.	CFO	31/08/2023			

RUSTENBURG WATER SERVICES TRUST POST AUDIT ACTION PLAN				Percentage Completion		
AG Issue	RWST Plan	Responsible person	Due Date	Q1	Q2	Q3
				Over impairment of RLM receivable	recovery. This over statement was caused by the AG and not by the trust. It is however now written off and cannot effect future AFS's	CFO
Multi year business plan not approved	The Trust will approve its multi year business plan	Board and CFO	31/05/2023	To be approved at the Board meeting in November 2023.		
Information not provided to the AG	There were a number of information that was not provided to the AG. This is due to the fact that the CEO resigned and his last day was 30 June 2022. Most of the info was compiled and kept by the CEO, the CFO was the only person in the Trust and he could not do everything and find all the information required. For the 2023 AFS the Board of Trustees will most probably still be involved and all information will be available.	New CFO	1 September 2023 to 30 November 2023	Only due in Q1 of the 2023/24 financial year. This is of big concern because the trust will not have a CEO or CFO during the 2023 audit.		
SCM - Indwe services for insurance	The AG believes that there were no competitive bidding process followed in contracting with Indwe insurance. The Trust followed the quotation process to appoint Indwe as their fee was below R 200,000 and the insurance part of the expenses cannot be compared between various insurance houses because there are to many variables and exclusion clauses.	Board and CFO	31/07/2023, this is the date that the new year insurance needs to be paid.	Even though I do not agree with the AG, the Trustees will go out on tender for the insurance of the Trust. We follow what the AG is saying here every municipality needs to go out on tender for their bank charges every year and this would be ridiculous.		

4. FINANCIAL PERFORMANCE

Attached are the annual financial statements for the period ending 30 June 2023.

6.5 AUDITOR GENERAL'S REPORT ON THE RUSTENBURG WATER SERVICES TRUST

Report of the auditor-general to the North West Provincial Legislature and the council on Rustenburg Water Service Trust (RWST)

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Rustenburg Water Service Trust set out on pages 407 to 429, which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in equity, statement of cash flows and statement of comparison of actual vs budget for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Rustenburg Water Service Trust as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (DoRA).

Basis for qualified opinion

Irregular Expenditure

3. The irregular expenditure incurred during the current and previous financial years and related information on irregular expenditure was not included in the notes to the financial statements, as required by section 125(2)(d) of the MFMA. Expenditure was incurred in contravention of the supply chain management requirements, resulting in irregular expenditure. I was unable to determine the full extent of the irregular expenditure that occurred during the current and previous financial years as it was impracticable to do so.

Lease hold improvements

4. I was unable to obtain sufficient appropriate audit evidence that lease hold improvements for the current and previous year had been correctly valued as the municipal entity did not revalue, neither review the residual values and useful lives of lease hold improvements at each reporting date as required by GRAP 17, *Property plant equipment*. I was unable to determine the impact on the cost of lease hold improvements of R1 262 218 829 (2022: R1 265 966 779) as disclosed in note 3, depreciation of R32 731 589 (2022: R34 201 548) as disclosed in the statement of financial performance and revaluation surplus amounting to R262 194 256 (2022: R264 589 771) as disclosed in the statement of financial position as it was impracticable to do so. Additionally, there was a resultant impact on the surplus for the period and the accumulated surplus.

Financial Instruments

5. The municipal entity did not disclose all the information on financial instruments for current and previous years as required by GRAP 104, *Financial instruments*. The municipal entity did not disclose the qualitative disclosures as required by GRAP 104 *Financial instruments* relating to financial instruments and risk management. I was unable to quantify the full extent of the omitted disclosure as it was impracticable to do so.

Context for opinion

6. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
7. 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.
8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Other matter

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

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 has no realistic alternative but to do so.

Responsibilities of the auditor-general 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 the 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 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 annual performance report

15. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected key performance area presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

16. I selected the following key performance area presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected key performance area that measures the municipal entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Key Performance Area (KPA)	Page numbers	Purpose
KPA 5: Basic Services and Infrastructure Development	[373]	To procure the design for the required plant extension & to procure the construction and oversee implementation
	[373]	To operate and maintain the treatment plants In the most cost-effective manner and for the purposes of maximizing the Trust Income to be distributed to the Beneficiary.
	[373]	To provide potable water to RLM in accordance with the Water Services Agreement
	[373]	To supply treated water to the industrial water off-takers in terms of the Off Take agreements.

17. I evaluated the reported performance information for the selected key performance area against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipal entity's planning and delivery on its mandate and objectives.

18. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipal entity's mandate and the achievement of its planned objectives.
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements.
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents.

- the reported performance information is presented in the annual performance report in the prescribed manner.
 - there is adequate supporting evidence for the achievements reported and measures taken to improve performance.
19. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.
20. The material findings on the reported performance information for the selected key performance area are as follows:

KPA 5: Basic Services and Infrastructure Development

% Plant availability of sewer purification plants maintained in terms of agreed standards

21. I could not determine how the planned indicator would be measured and what evidence would be needed to support the achievement, as adequate supporting evidence was not provided for auditing. This was due to a lack of measurement definitions and processes.
22. An achievement of 92.63% was reported against a target of 85%. I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

Volume of potable water supplied to RLM in accordance with the Water Supply Agreement

23. An achievement of 9.75 ml/day was reported against a target of 10.8 ml/day but the audit evidence showed the actual achievement to be 11.78 ml/day. The achievement against the target was better than reported.

Volume of treated waste water supplied to the industrial water off-takers in terms of the Off-take Agreement

24. I could not determine how the planned indicator would be measured and what evidence would be needed to support the achievement, as adequate supporting evidence was not provided for auditing. This was due to a lack of measurement definitions and processes.
25. An achievement of 29.91 ml/day was reported against a target of 25 ml/day. I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

Other matters

26. I draw attention to the matters below.

Achievement of planned targets

27. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievement. This information should be considered in the context of the material findings on the reported performance information.

Material misstatements

28. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for KPA 5: Basic

Services and Infrastructure Development. Management did not correct all of the misstatements and I reported material findings in this regard.

Report on compliance with legislation

29. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipal entity's compliance with legislation.
30. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
31. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipal entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
32. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements, performance, and annual reports

33. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets and current assets, 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 qualified audit opinion.

Expenditure management

34. Expenditure was incurred in excess of the approved budget, in contravention of section 87(8) of the MFMA.
35. Reasonable steps were not taken to prevent irregular expenditure, as required by section 95(d) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph.

Procurement and contract management

36. Sufficient appropriate audit evidence could not be obtained that written quotations were accepted from prospective providers who were on the list of accredited providers and met the listing requirements as prescribed by the SCM policy, in contravention of SCM Regulations 16(b) and 17(1)(b).
37. Some of the quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c).

38. Sufficient appropriate audit evidence could not be obtained that quotations were only accepted from bidders whose tax matters had been declared by the South African Revenue Service to be in order, as required by SCM regulation 43.
39. Some of the quotations were awarded to bidders based on preference points that were not allocated and calculated in accordance with the requirements of section 2(1)(a) of the Preferential Procurement Policy Framework Act and its regulations.
40. Some of the quotations were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy Framework Act and 2017 Preferential Procurement Regulations 11 and/or 2022 Preferential Procurement Regulation 4(4) and 5(4).
41. Some of the quotations were awarded to bidders based on functionality legislative requirement that were not stipulated in the original invitation for quotations, in contravention of 2017 Preferential Procurement Regulation 5(1) & 5(3).
42. Some of the tenders which failed to achieve the minimum qualifying score for functionality legislative requirement were not disqualified as unacceptable tender in accordance with 2017 Preferential Procurement Regulation 5(6).
43. Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis as required by section 116(2) of the MFMA.
44. Sufficient appropriate audit evidence could not be obtained that contract performance and monitoring measures were in place to ensure effective contract management as required by section 116(2)(c)(ii) of the MFMA.

Strategic planning and performance management

45. The annual performance objectives and indicators were not established by agreement with the parent municipality, as required by section 93B(a) of the MSA.
46. A multi-year business plan was not developed for inclusion in the budget, as required by section 87(5)(d) of MFMA.
47. The annual performance objectives and indicators were not included in the multi-year business plan, as required by section 87(5)(d)(i) & (iii) of MFMA and 93B(a) of the MSA.
48. The budget was not consistent with the performance agreement between the entity and the parent municipality, as required by section 87(5)(b) of the MFMA.

Other information in the annual report

49. The accounting officer is responsible for the other information included in the annual report which includes the audit committee's report. The other information referred to does not include the financial statements, the auditor's report and those selected key performance area presented in the annual performance report that have been specifically reported on in this auditor's report.
50. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

51. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected key performance area presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
52. 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

53. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
54. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
55. The accounting officer of the municipal entity did not ensure that the financial statements and annual performance report were adequately reviewed and supported by complete and accurate supporting documents, resulting in material misstatements being identified during the audit and a consequential non-compliance finding.
56. The accounting officer of the municipal entity did not implement proper record keeping ensuring that complete, relevant and accurate information was accessible and available in a timely manner to support financial and performance reporting. This resulted in unnecessary delays in completing the audit.
57. The accounting officer of the municipal entity did not implement controls for the daily and monthly processing and reconciling of transactions to ensure that all transactions and accounts disclosed in the financial statements are accurate and complete.
58. The accounting officer of the municipal entity did not adequately review and monitor compliance with applicable laws and regulations, which resulted in non-compliance with legislation being identified during the audit.

AUDITOR GENERAL

Rustenburg

30 November 2023



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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 material performance indicators and on the municipal entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipal entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the 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 relating to events or conditions that may cast significant doubt on the ability of the municipal entity 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 my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipal entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

59. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

60. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

61. Compliance with legislation – selected legislative requirements

62. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure Section 1 - Definition: service delivery and budget implementation plan Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), 32(6)(a), Sections 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), 62(1)(f)(ii), Sections 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), Sections 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), Sections 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), 126(1)(b), Sections 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), Sections 133(1)(c)(i), 133(1)(c)(ii), 170, 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulation 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a), 17(1)(b), Regulations 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), Regulations 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a) and (b), 29(5)(a)(ii), 29(5)(b)(ii), Regulations 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), Regulations 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Sections 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)

Legislation	Sections or regulations
Construction Industry Development Board Regulations, 2004	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), Regulations 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 27(1), 29(1)(b)(ii), 29(2)(a), Sections 29(2)(c), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, Sections 43(2), 56(a), 57(2)(a), 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), Sections 67(1)(d), 74(1), 93J(1), 96(b)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(5)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)

6.4 ANNUAL FINANCIAL STATEMENTS OF THE RUSTENBURG WATER SERVICES TRUST



ANNUAL FINANCIAL STATEMENTS

Version 5

30 JUNE 2023

Rustenburg Water Services Trust

FINANCIAL STATEMENTS
For the year ended 30 June 2023



TRUST INFORMATION

TRUST REFERENCE NUMBER : IT 6155/03

TRUSTEES	Term ended	Date of appointment
TJ Ehlers	12 Dec 2021	1 December 2009
Vinesh Dilsook	12 Dec 2021	12 December 2019
Jacey Kruger	12 Dec 2021	12 December 2019
Adv Mphete	12 Dec 2021	12 December 2019
Kgomotso Kumbe	12 Dec 2021	12 December 2019
KG Lebethe		19 September 2022
M Rapoo		19 September 2022
E Scheepers		19 September 2022
P Mayeza		19 September 2022

TRUST CEO
MA Pitsi
P Maas resigned 30 June 2022

REGISTERED OFFICE
1a Kock Street
Rustenburg
0300

AUDITORS
Office of the Auditor-General
124 Kock Street
Rustenburg
0300

BANKERS
ABSA Business Bank
91 Church Street
Klerksdorp
5271

FINANCIAL STATEMENTS
For the year ended 30 June 2023



CONTENTS

	Page
Report of the Independent Auditors	4 - 10
Trustees' Report	11 - 12
Statement of Financial Position	13
Statement of Comprehensive Income	14
Statement of Comparison of Actual vs Budget	15
Statement of Changes in Equity	16
Statement of Cash Flows	17
Accounting Policies	18 - 21
Notes to the Financial Statements	22 - 29
Appendices - Analysis of PPE	30

The trustees present their annual report of the Trust, for the year ended 30 June 2023.

1 General information

The Trusts objective is to procure the design, construction, implementation, operation and maintenance of the Rustenburg, Bospoort and the Botekong water supply scheme in the most cost effective manner and for the purpose of maximizing the Trust income to be distributed to the beneficiary as well as to provide potable water to Rustenburg Local Municipality.

2 Date of incorporation

Date of incorporation of the Trust was 1 September 2003

3 Operating and financial review

	2023 R	2022 R
Revenue	242 012 498	221 370 487
Operating surplus	73 855 722	67 674 789
Net surplus for the period	73 855 722	67 674 789
Total assets	1 070 761 719	988 383 230
Total liabilities	26 131 556	16 839 376

4 Statutory funds

A donation of R1,000 was donated by the donors as per the Deed of the Trust

5 Financial objectives and performance against forecasts

Financial performance for the 12 month period was satisfactory, in line with management's expectations.

6 Trustees and secretary

The following are the registered Trustees of the Trust at the Master of the High Court. Their term expired and RLM are in the process of replacing them.

30-Jun-23		30-Jun-22	
KG Lebethe	Active	Vinesh Dilsook	Term ended
M Rapoo	Active	Jacey Kruger	Term ended
E Scheepers	Active	Adv Mphete	Term ended
P Mayeza	Active	Kgomotso Kumbi	Term ended
		Theuns Ehlers	Term ended

7 Beneficiary details

The sole beneficiary of the Trust is the Rustenburg Local Municipality.

8 Auditors

In terms of Section 92 of the Municipal Finance Management Act (MFMA) No 56 of 2003, the audit will be conducted by the Office of the Auditor-General.

9 Statements of responsibility

The Trustees are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statement and related information. The auditors are responsible to report on the fair representation of the financial statements. The financial statements are prepared in accordance with and comply with Statements of Generally Recognised Accounting Practice (GRAP) and in the manner required by the Municipal Systems Act.

The Trustees are responsible for the Trust's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the Trustees to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the Trustees have every reason to believe that the Trust has adequate resources in place to continue in operation for the foreseeable future.

Rustenburg Water Services Trust



TRUSTEES' REPORT (Continued)
For the year ended 30 June 2023

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 2023 and resulted in a write down of some of the assets.

11 Other Matters

There is an existing litigation between previous board members where a board member took the board and the Rustenburg Water Service Trust to court. This follows after allegations were made on the breach of code of conduct where the board member was accused of dishonesty and dereliction of duty. The member was precautionary suspended by the previous board, pending the outcome of the investigation hearing. The investigation was conducted by two independent advocates and the outcome was received on the 21 September 2021. The recommendation was for the Rustenburg Executive Mayor to remove the accused. The alleged member challenged the suspension in the High Court of Makheng on an urgent basis. This was overturned in an Arbitration process as guided by the Trust deed. The advocate arbitrating on the matter ruled that the precautionary suspension was unlawful and the member was reinstated. A section 79 committee was established by RLM to deal with this dispute. The court case is still under way.

The attention of the users of the financial statements are drawn to potential litigation with regards to contract RWST 2017/02 to the amount of R 85 million. The Rustenburg Water Service Trust contract was used and signed for by the accounting officer of the parent municipality, without a delegated authority. This contract was found to be irregular by the AG and remedial actions was issued by the AG to the municipal manager during the audit of RLM's 30 June 2018 Annual Financial Statements. There is a lost opportunity cost in this regard. The case is currently in the High Court of South Africa with registration number: M530/2020. All indications are that the Trust can go out on tender for the mechanical and electrical work at the Bospoort plant.

The financial statements were accepted by the Accounting Officer of the Parent Municipality on 31-08-2023 and are duly signed:

A handwritten signature in black ink, appearing to read "K. B. K. J. J. J.", is written over a horizontal line. Below the line, the text "K. B. K. J. J. J." is printed in a small, bold font.

Rustenburg Water Services Trust



STATEMENT OF FINANCIAL POSITION
At 30 June 2023

	NOTES	2023 R	2022 R
LIABILITIES			
Non-Current Liabilities			
Long term liabilities	5	502 124	929 315
Current liabilities			
Trade and other payables (exchange transactions)	8	24 316 798	15 549 049
Short Term Portion of Liabilities	5	427 191	361 011
VAT payable		885 443	-
		25 629 432	15 910 061
Total Liabilities		26 131 556	16 839 376
ASSETS			
Non-current Assets			
Lease Hold Improvements	3	525 513 865	552 855 679
		525 513 865	552 855 679
Current assets			
Trade receivables (exchange transactions)	6	164 973 015	191 057 027
VAT receivable		-	2 619 657
Cash and cash equivalents	7	380 274 838	241 850 867
		545 247 853	435 527 551
Total Assets		1 070 761 719	988 383 230
NET ASSETS			
Statutory funds		1 000	1 000
Revaluation Surplus		262 194 256	264 589 771
Distributable reserves	4	782 434 905	706 953 083
TOTAL NET ASSETS		1 044 630 163	971 543 855

Rustenburg Water Services Trust



STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2023

		2023 R	2022 R
REVENUE - From exchange transactions			
Sales - water		242 012 498	221 370 487
COST OF SALES			
	23		
Rustenburg WWTW		69 705 717	55 864 393
Botlekong WWTW		19 757 047	19 539 214
Bospoort WTW		25 204 650	16 473 766
Kloof WTW		1 927 808	1 615 588
Monakato WWTW		1 216 960	1 148 774
Lethabong WWTW		3 100 178	2 889 089
Effluent monitoring		1 124 213	1 227 117
Operator overheads			
Day works and provisional sums		1 105 294	996 880
Management and general staff		5 953 998	5 611 768
		129 095 864	105 566 589
GROSS MARGIN			
		112 916 634	115 803 896
		47%	52%
OTHER INCOME - From exchange transactions			
Interest received	9	19 613 904	6 218 063
MIG grant funding		-	5 084 388
PAIA application fees / lender deposits received		-	280
Profit on disposal of fixed assets		3 696	9 250
		19 617 599	11 311 981
EXPENSES			
Auditors Remuneration		1 155 104	1 023 352
Bank charges		6 720	9 139
Bad debts written off		-	-432 201
Depreciation		32 731 589	34 201 548
Finance costs	10	132 434	175 454
Insurance		861 881	612 781
Impairment loss	19	1 611 537	115 312
Legal Fees		988 987	1 779 516
O & M Supervision		3 616 391	3 081 806
Disbursements (Printing & Travel)		-	7 511
Repairs	24	14 498 979	14 827 175
Salaries		1 451 932	3 642 535
Trustees Remuneration		990 150	99 931
DWS Compliance		212 807	97 229
		58 678 511	59 441 089
Surplus for the year			
		73 855 722	67 674 789

Rustenburg Water Services Trust



STATEMENT OF COMPARISON OF ACTUAL VS BUDGET For the year ended 30 June 2023

	Actual 2023 R	Approved Budget 2023 R	Original Budget 2023 R	Actual outcome as % of final budget 2023 R	Actual outcome as % of original budget 2023 R
REVENUE					
Sales: RLM	164 255 700	148 063 257	153 324 795	10.94%	7.13%
Sales: Mines	77 756 797	78 778 855	76 455 454	-1.30%	1.65%
TOTAL REVENUE	242 012 498	226 842 152	229 820 249		
COST OF SALES	129 095 864	121 251 077	112 454 630	-6%	-15%
GROSS MARGIN	112 916 634	105 591 075	117 365 619		
OTHER INCOME - From exchange transactions					
Interest received	19 613 904	15 585 906	4 095 000	25.84%	378.97%
Profit on disposal of fixed assets	3 696	-	-		
	19 617 599	15 585 906	4 095 000		
EXPENSES	Actual	Budget	Budget		
Auditors Remuneration	1 155 104	1 151 939	1 083 115	-0.27%	-6.65%
Bank charges	6 720	6 644	6 733	-1.15%	0.19%
DWS compliance	212 807	220 135	-	3.33%	
Depreciation	32 731 589	35 083 175	38 497 395	6.70%	14.98%
Finance costs	132 434	132 434	216 056	0.00%	38.70%
Impairment loss	1 811 537	686 163	-	-164.01%	
Insurance	881 881	881 881	908 666	0.00%	2.96%
Legal Fees	988 987	1 035 171	199 908	4.46%	-394.72%
Repairs	14 498 979	19 321 392	15 241 880	24.96%	4.87%
Salaries	1 451 932	2 235 265	3 710 914	35.04%	60.87%
Trustees Remuneration	990 150	909 650	366 522	-8.85%	-170.15%
O&M Supervision	3 816 391	3 255 252	3 096 053	-17.24%	-23.67%
Section 93J Structure	-	-	10 376 105		100.00%
Asset Revaluation - GRAP 17	-	2 500 000	-	100.00%	
	58 678 511	67 419 102	73 693 347		
Surplus for the year	73 855 722	53 757 879	47 767 272		
DSCR:					
EBIT & Depreciation	106 719 745	88 973 488	86 480 723		
Reserves	380 274 838	380 274 838	380 274 838		
Bank repayments	41 146 403	41 146 403	41 146 403		
Including reserves	11.84	11.40	11.34		
Excluding reserves	2.59	2.16	2.10		

The explanations for major variances between the budget and the actual for the period under review are done in Note 25.

Rustenburg Water Services Trust



STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2023

	Note	Statutory funds R	Retained Earnings R	Revaluation Surplus R	Total R
Balance at 30 June 2016		1 000	284 038 318	120 535 601	404 574 919
Surplus for the year			98 668 445		98 668 445
Impairment adjustment for the year				(1 715 197)	(1 715 197)
Distribution to beneficiary			(650 000)		(650 000)
Revaluation surplus transferred			13 857	(13 857)	-
2017 Revaluation surplus for the year				147 676 158	147 676 158
Balance at 30 June 2017		1 000	382 070 620	266 482 705	648 554 325
Surplus for the year			74 758 803		74 758 803
Impairment adjustment for the year				(128 724)	(128 724)
Revaluation surplus transferred			14 960	(14 960)	-
Correction of error			(18 830 908)		(18 830 908)
Balance at 30 June 2018		1 000	438 013 475	266 339 021	704 353 496
Surplus for the year			66 825 920		66 825 920
Impairment adjustment for the year				(175 075)	(175 075)
Revaluation surplus transferred			26 390	(26 390)	-
Correction of error			(16 363)		(16 363)
Balance at 30 June 2019		1 000	504 849 423	265 137 555	770 987 978
Surplus for the year			75 427 453		75 427 453
Impairment adjustment for the year				(476 805)	(476 805)
Revaluation surplus transferred			307 412	(307 412)	-
Correction of error			(26 908 347)		(26 908 347)
Balance at 30 June 2020		1 000	553 675 941	265 353 338	819 030 280
Surplus for the year			85 125 276		85 125 276
Impairment adjustment for the year				(260 739)	(260 739)
Revaluation surplus transferred			332 042	(332 042)	-
Balance at 30 June 2021		1 000	639 133 259	264 760 557	903 894 816
Surplus for the year			67 674 789		67 674 789
Impairment adjustment for the year				(25 751)	(25 751)
Revaluation surplus transferred			145 036	(145 036)	-
Balance at 30 June 2022		1 000	706 953 084	264 589 771	971 543 855
Surplus for the year			73 855 722		73 855 722
Impairment adjustment for the year	19			(769 414)	(769 414)
Revaluation surplus transferred			1 626 101	(1 626 101)	-
Balance at 30 June 2023		1 000	782 434 907	262 194 255	1 044 630 163

Rustenburg Water Services Trust



STATEMENT OF CASH FLOWS For the year ended 30 June 2023

	NOTES	2023 R	2022 R
Cash flows from operating activities			
Cash receipts from operating activities		270 716 167	280 855 880
Cash paid to suppliers		144 429 835	122 209 356
Cash generated from operations	11	126 286 332	158 646 524
Interest paid		-	-
Interest received		19 613 904	6 218 063
Net cash flow from operating activities		145 900 236	164 864 586
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment		3 696	9 200
Acquisition of property, plant and equipment		(7 118 948)	(17 412 768)
Net cash flow from investing activities		(7 115 253)	(17 403 518)
Cash flow from financing activities			
Long term Liabilities	5	(361 011)	(302 666)
Net cash flow from financing activities		(361 011)	(302 666)
Net decrease in cash and cash equivalents		138 423 972	147 158 402
Cash and cash equivalents at beginning of year		241 850 867	94 692 464
Cash and Cash equivalents at end of year	7	380 274 838	241 850 867

The principal accounting policies adopted in the preparation of these financial statements are set out below:

1 BASIS OF PREPARATION

The financial statements comply with standards of GRAP. Financial statements are prepared on the accrual basis of accounting, using the historical cost as measurement basis, except for assets which are revalued. The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

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

GRAP 32, Service Concession Arrangements: Grantor
GRAP 108, Statutory Receivables
GRAP 20, Related Party Disclosures (Revised)

2 TRADE RECEIVABLES

All receivables constitutes receivables from both exchange transactions and non-exchange transactions. Trade receivables are initially recognised at cost. Consumer debtors are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year-end. Bad debts are written off during the year in which they are identified.

3 TRADE PAYABLES

Trade payables are initially recognised at cost. Trade payables are measured and carried at fair value.

4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are initially recognised at cost. Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid with original maturities of 12 months or less, and bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities, when applicable.

5 BORROWINGS AND BORROWING COST

Borrowings are recognised initially at the fair value of proceeds received, net of transaction cost incurred, when they become party to the contractual provisions. Borrowings are subsequently stated at amortised cost using the effective interest rate method; any difference between proceeds (net of transaction cost) and the redemption value is recognised in the income statement over the period of the borrowings as interest. Initial borrowing cost were capitalised until the assets became productive.

6 LEASEHOLD IMPROVEMENTS

Leases of fixed assets where the Trust assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalized at the net present value of the total lease payments at the commencement of the lease. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the finance balance outstanding. The corresponding lease obligation, net of finance charges, are included in other long-term liabilities. The interest element of the finance charge is charged to the income statement over the lease period.

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

Property, plant and equipment is stated at Fair Value where it was previously stated at cost less accumulated depreciation. This was a change in accounting policy in 2012. Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset is met. Land is not depreciated as it is deemed to have infinite life.

The cost of an item of PPE is the purchase price and other cost attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost. Cost also includes initial estimates of the cost of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired at no cost, or for an nominal cost, its cost is its fair value as at the date of acquisition. Property plant and equipment are only depreciated once commissioned.

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

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

Land and Buildings	0 - 60 years
Plant & Equipment	1 - 80 years
Movable assets	1 - 5 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Revaluation of the assets occur every 5 years.

At the end of each reporting period, the trust reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The cost of major renovations are included in the carrying amount of the asset when it is probable that the future economic benefits associated with the renovation will flow to the entity and its costs can be reliably measured.

Borrowing Directly attributable to the acquisition, construction and production of qualifying assets, which are assets necessarily taking a substantial amount of time to get ready for its intended use or sale, are added to the cost of those assets until such time that the assets are ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

The Trust depreciate separately each part of an item of PPE that has a cost that is significant in relation to the total cost of the item. Cost of replacing part are capitalised and the existing parts being replaced are derecognised.

7 REVALUATION AND IMPAIRMENT

Impairment loss on revalued assets shall first be used to reduce the revaluation surplus on that asset, the balance shall then be recognised in the surplus or deficit. When assets are revalued the cost price as well as the accumulated depreciation is restated. Any revaluation surplus recognised on an item of PPE included in net assets shall be transferred directly to the surplus or deficit upon derecognition in the period of the derecognition.

8 PROVISIONS

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

9 REVENUE RECOGNITION

Revenue comprise of exchange transactions as well as non-exchange transactions. Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Trust's activities. Revenue is shown net of value added tax. The Trust recognises revenue when the amount of revenue can be reliably measured, it is possible that future economic benefits will flow to the Trust and specific criteria have been met for each of the Trust's activities described below.

(a) Sale of goods

The entity purifies water at its plants and sells the purified water to its customer, Rustenburg Local Municipality. Sale of water is recognised when the entity has delivered the water to the customer.

(b) Interest income

Interest income is recognised on a time proportion basis using the effective interest rate method unless collectability is in doubt.

(c) Contributions received

Contributions received for refurbishment of infrastructure are recognised in the year it is received and as the costs of the projects incurred.

(d) MIG Grants received

Contributions received for refurbishment of infrastructure are recognised in the year it is received and as the costs of the projects incurred.

10 FINANCIAL INSTRUMENTS

Financial instruments recognised in the balance sheet include loans, trade and other receivables, trade and other payables and cash and cash equivalents.

Financial assets and financial liabilities are recognised on the Trust's balance sheet when the Trust becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at the fair value of the consideration given (in the case of an asset) or received (in the case of a liability) for it. Cash flows relating to current receivables are generally not discounted, unless significant.

Financial instruments are subsequently measured in terms of GRAP 104.45. Cash & cash equivalents, receivables and trade payables are subsequently measured at fair value, whilst long term liabilities are subsequently measured at amortised cost.

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legal right to set-off the recognised amounts, and the Trust intends to settle on a net basis or to realise the asset and the liability simultaneously.

Financial assets or a portion of the financial assets are de-recognised when the Trust loses control of the contractual rights that comprise the financial asset. The Trust loses such control if it releases the rights to benefit from the contract, the rights are surrendered. Financial liabilities are de-recognised when they are extinguished - that is, when the obligation specified in the contract is discharged, cancelled or expires.

11 GOING CONCERN

The financial statements are prepared using the Going Concern basis, which assumes that the Trust will be able to meet the mandatory payments on a day to day basis. If for any reason the Trust is unable to continue as a going concern, it could have an impact on the Trust's ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in the financial statements.

12 ROUNDING

The numbers presented in the financial statements are rounded to the nearest rand.

1. FINANCIAL RISK MANAGEMENT

The Trust is exposed to financial risk through its financial assets and financial liabilities. The Trustees has overall responsibility for the establishment and oversight of the entity's risk management framework. The Trust has appointed the trust administrator, which is responsible for developing and monitoring the Trust's risk management policies. The administrator reports regularly to the Trustees on its activities.

The Trust's risk management policies are established to identify and analyse the risks faced by the Trust, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Trust's activities. The Trust, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all Trustees and contractors understand their roles and obligations.

The Trust's exposure to risk, its objectives, policies and processes for managing the risk arising from its financial instruments and methods used to measure the Trust's exposure to these risks, have not changed significantly from the prior year. The Trust does not have major exposure to credit, liquidity and market risk, which is described in more detail below.

Credit risk

Financial assets, which potentially subject the Trust to concentrations of credit risk, consist principally of cash, short-term deposits and trade receivables. The Trust's cash equivalents and short-term deposits are placed with high-credit quality financial institutions. Credit risk with respect to trade receivable is limited due to the fact that there are only three major customers, being the Rustenburg Local Municipality, Anglo Platinum and Impala Platinum. The carrying amounts of financial assets included in the balance sheet represent the Trust's exposure to credit risk in relation to these assets.

Fair values

The fair values of the financial assets and liabilities are disclosed in the relevant notes.

Interest rate risk

The Trust's income and operating cash flows are substantially independent of changes in market interest rates. The Trust has no significant interest bearing assets.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Trust aims at maintaining flexibility in funding by keeping committed credit lines available.

2. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with SA GAAP and GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the trust's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the annual financial statements, are disclosed below.

Critical accounting estimates and assumptions

The trust makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year are outlined below.

Depreciation:

During each financial year, management reviews the assets within property plant and equipment to assess whether the useful lives and residual values applicable to each asset are appropriate.

Leasehold improvements

In 2004, the Trust entered into a long-term lease with the local municipality whereby specified old water and sewage infrastructure assets are leased on long term (up to June 2025) from the Local Municipality. After the Term Loan is settled (31 December 2021) it is up to the Parent Municipality whether to take back the assets. Expansion and refurbishment conducted since the start of the project have previously been reported under 'owned assets' and will from now on all be reported as 'lease hold improvements assets'. This will be for the current as well as comparative years. It is not possible to physically differentiate between original and subsequent refurbished assets. Prior to 2017 the depreciation charge was limited to the shortest of the remaining lease period or remaining useful life of the individual asset. After considering the legal relationship between the parent municipality and the trust it was decided to not limit the depreciation period.

3. LEASE HOLD IMPROVEMENTS

	2023			2022		
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value
Land & Buildings	39 004 144	(17 132 201)	21 871 943	39 026 785	(16 285 528)	22 741 256
Plant & Equipment	1 142 025 690	(717 757 800)	424 267 890	1 146 442 689	(695 039 704)	451 402 985
Moveable's	2 841 844	(1 614 962)	1 026 882	2 470 334	(1 785 867)	684 467
** Plant & Equipment - WIP	78 347 151		78 347 151	78 026 972		78 026 972
Total	1 262 218 829	-736 704 963	525 513 865	1 265 966 779	-713 111 100	552 855 679

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions / Asset Allocations	Disposals / Asset Allocations	Depreciation and impairment	Carrying value
Land & Buildings	22 741 256	27 407	-	(896 720)	21 871 943
Plant & Equipment	451 402 985	6 983 163	-	(34 118 257)	424 267 890
Moveable's	684 467	639 978	-	(297 563)	1 026 882
** Plant & Equipment - WIP	78 026 972	320 179	-		78 347 151
Total	552 855 679	7 970 727	-	(35 312 541)	525 513 865

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals / Asset Allocations	Depreciation and impairment	Carrying value
Land & Buildings	23 612 858	22 738	-	(894 339)	22 741 256
Plant & Equipment	473 272 861	11 454 411	-	(33 334 287)	451 402 985
Moveable's	114 783	683 669	-	(113 966)	684 467
** Plant & Equipment - WIP	76 412 244	7 165 296	(5 550 569)		78 026 972
Total	573 412 747	19 336 113	(5 550 569)	(34 342 611)	552 855 679

Assets consist Portion 4 of the farm Tweedeport 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 Botlekong Sewage Treatment Plant.

The assets were revalued and re-classified in the 2017 financial year, the depreciated replacement cost method was used to revalue.

WIP to the value of R 62 609 198 on the expansion of the Bospoort Water Treatment Works consist of civil work. Following the civil work the mechanical and electrical work will follow. The expansion project completion is significantly delayed. The reason for the time delay is slow progress on the procurement process of the mechanical and electrical contract.

The Rustenburg Water Services Trust decided not to impair the WIP at this stage as it mainly consists of concrete structures of which the expected useful life is in the region of 80 years.

	2023	2022
** Plant & Equipment - WIP		
The carrying value of plant & equipment that is taking longer than anticipated.	62 609 198	62 609 198

Rustenburg Water Services Trust



NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 June 2023

	2023 R	2022 R
4 DISTRIBUTABLE RESERVES		
At beginning of year	706 953 083	639 133 258
Profit for the year	73 855 722	67 674 789
	<u>780 808 805</u>	<u>706 808 047</u>
Revaluation reserve transferred	1 626 101	145 036
Balance at end of year	<u>782 434 906</u>	<u>706 953 083</u>
5 LONG TERM LIABILITIES		
5.1 Finance lease liabilities		
Rustenburg Local Municipality	929 315	1 290 326
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	(427 191)	(361 011)
	<u>502 124</u>	<u>929 315</u>
5.1.1 Reconciliation of future minimum lease payments to the present value of future minimum lease payments:		
Future minimum lease payments	1 062 246	1 555 691
Not later than 1 year	518 151	493 445
Later than 1 year and not later than 5 years	544 095	1 062 246
Later than 5 years	-	-
Interest	(132 931)	(265 365)
Present value of future minimum lease payments	929 315	1 290 326
Not later than 1 year	427 191	361 011
Later than 1 year and not later than 5 years	502 124	929 315
Later than 5 years	-	-

Rustenburg Water Services Trust



NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 June 2023

	2023 R	2022 R
6 TRADE AND OTHER RECEIVABLES (from exchange transactions)		
Debtors' ageing		
Current	27 867 729	24 330 492
30 days	24 774 191	8 294 852
60 days	5 250 794	120 457
90 days +	106 948 052	158 243 196
	164 840 766	190 988 997
Prepayments	132 250	68 030
	164 973 015	191 057 027
7 CASH AND CASH EQUIVALENTS		
	2023 Balances	2022 Balances
	Opening	Closing
ABSA Bank Limited		
Distribution Reserve Account	37 365 610	26 037 786
Distribution Call Account	204 485 256	354 237 052
	241 850 867	380 274 838
	Opening	Closing
	22 830 042	37 365 610
	71 862 423	204 485 256
	94 692 464	241 850 867
For the purpose of the cash flow statement, the year-end cash and cash equivalents comprise the following:		
Cash resources	380 274 838	241 850 867
There are no 'undrawn facilities' available at any financial institution for the Trust. Interest accrued and received on the 1st of July of the following year are included in the balances of the bank accounts.		
8 TRADE AND OTHER PAYABLES (from exchange transactions)		
Trade payables	24 316 796	15 549 049
9 INTEREST RECEIVED		
Interest received		
Current Account	19 110 534 40	5 672 556
Trade Receivables	503 369,14	345 505
10 FINANCE COST		
Interest paid		
Finance Lease	(132 434)	(167 281)
	19 481 470	6 050 782

Rustenburg Water Services Trust



NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 June 2023

	2023 R	2022 R
11 CASH GENERATED FROM OPERATIONS		
Surplus before tax	73 855 722	67 674 789
Adjustments for:		
Interest paid	-	-
Interest received	(15 613 904)	(6 218 063)
Depreciation	32 731 589	34 201 548
Net profit on disposal of fixed assets	(3 696)	(9 250)
Impairment	1 811 037	115 312
	88 781 249	95 764 337
Changes in working capital		
Trade and other receivables	28 703 669	54 400 725
Payables	8 801 414	8 481 462
Cash generated from operations	126 286 332	158 646 524

12 FINANCIAL INSTRUMENTS

Credit risk

Financial assets, which potentially subject the Trust to concentrations of credit risk, consist principally of cash, short-term deposits and trade receivables. The Trust's cash equivalents and short-term deposits are placed with high-credit quality financial institutions. Credit risk with respect to trade receivables is limited due to the fact that there are only three major customers.

Fair values

The fair values of the financial assets and liabilities are disclosed in the relevant notes.

Interest rate risk

The Trust's income and operating cash flows are substantially independent of changes in market interest rates. The Trust has no significant interest bearing assets.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Trust aims at maintaining flexibility in funding by keeping committed credit lines available.

2023

Financial assets

	At fair value	At amortised cost	Total	
Cash resources	-	380 274 838	380 274 838	Exposed to liquidity risk
Trade receivables	-	164 973 015	164 973 015	Exposed to credit risk

Financial liabilities

Finance lease liability	-	929 315	929 315	Exposed to interest rate risk
Trade and other payables	-	24 316 798	24 316 798	Exposed to liquidity risk

2022

Financial assets

	At fair value	At amortised cost	Total	
Cash resources	-	241 850 867	241 850 867	Exposed to liquidity risk
Trade receivables	-	191 057 027	191 057 027	Exposed to credit risk

Financial liabilities

Finance lease liability	-	1 290 326	1 290 326	Exposed to interest rate risk
Trade and other payables	-	15 549 049	15 549 049	Exposed to liquidity risk

13 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.

14 RELATED PARTY TRANSACTIONS

14.1 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.

	2023	2022
Water Sales to RLM	164 255 700	145 724 405
Accounts Receivable - Water Sales	(138 991 390)	(160 760 453)
MIG Grant Funding	-	5 084 388
Accounts Receivable - MIG	(7 476 275)	(7 476 275)
Finance Lease Liabilities	929 315	1 290 326
Interest paid - Finance Lease	(132 434)	(167 281)

Rustenburg Water Services Trust



NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 June 2023

RELATED PARTY TRANSACTIONS (Continued)		2023	2022
14.2	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	19 110 534	5 872 558
	Bank Charges	(6 720)	(9 139)
14.3	The transactions between the Trustees and The Rustenburg Water Service Trust is classified as related party transactions. The nature of the relationship is that the Trustees are all on the board and thereby has an influence on financial and operating policies of the Trust.		
	Vinesh Dilsook	-	29 109
	Jacey Kruger	-	25 442
	Adv Mphete	-	20 552
	Kgomotso Kumbi	-	24 828
	KG Lebethe	378 350	-
	M Rapoo	225 400	-
	E Scheepers	209 300	-
	P Mayeza	177 100	-
		<u>990 150</u>	<u>99 931</u>
14.4	The transaction between senior management and The Rustenburg Water Services Trust is classified as related party transactions.		
	Chief Executive Officer	Pet Maas	-
	Chief Financial Officer	Marius Jacobs	2 184 281
	Senior Accountant	Vonnie Jacobs	1 343 254
		-	115 000
		<u>1 451 932</u>	<u>3 642 535</u>
14.5	Key Management of the entity. Due to the relationship between the RLM and the RWST, senior management of RLM is sitting on the Exco of the RWST and as such are regarded as related parties. However, no transactions occurred between the RWST and them.		
15	COMPARRISON TO BUDGET		
	The actual performance is compared to the budget and is included on the Statement of Comparison of Actual vs Budget.		
16	IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		
	During the year the Trust appointed a recruiting agency to help with the appointment of the CEO. During the 2023 audit the AG found that the appointment was not in accordance with the SCM regulations of the Trust. The total payment of R 95,233 that was made to the supplier is deemed as irregular. The Trust did receive a formal objection from one or more of its bidders on tender RWST2017/02, this matter is receiving attention. This contract was found to be irregular by the AG and remedial actions was issued by the AG to the municipal manager during the audit of RLM's 30 June 2018 Annual Financial Statements. There is a lost opportunity cost in this regard and the matter is still ongoing and would most probably be finalised in the 2024 financial year.		
17	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.		
	Ecoleges	157 508	157 508
	RCC	953 770	953 770

Rustenburg Water Services Trust



NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 30 June 2023

18 INTERGOVERNMENTAL ALLOCATIONS			
The net amount of VAT paid over to the South African Revenue Services.		8 449 436	10 803 258
19 IMPAIRMENT			
	Recognised in net assets	Recognised in surplus / deficit	
Land & Buildings	159	1 786	
Plant & Equipment	768 230	1 806 227	
Moveable's	1 025	1 523	
	<u>769 414</u>	<u>1 811 537</u>	

An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the assets future economic benefits or service potential through depreciation. An impairment loss of a cash flow generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount. In terms of par.08 of GRAP 26, the Trust need to assess at the reporting date whether there is an indication that the value of the asset may be impaired since the last revaluation.

The assets of the RWST is water treatment plants and are considered to be cash generating units. The recoverable amount is regarded as its fair value less cost to sell. The fair value is determined by reference to an active market. The impairment resulted from obsolescence.

20 CHANGE IN ACCOUNTING ESTIMATE

In terms of the 2012 revaluation, the remaining useful life was limited to the end of the leasing period. IAS17 determines that the depreciation period is limited to the remaining period of the lease in case where there is no certainty over the ownership of the assets. During 2016/17 the municipality started a section 78 process. This is a clear indication that the assets will not revert back to the Municipality after the lease expiry date and as a result the trust now had reason to deviate from IAS17 and could no longer limit the remaining useful life to the end of the lease period. During the 2017 revaluation, condition assessments were performed, new residual values and estimated useful lives were determined resulting in a lower depreciation charge.

The amount of the effect in the current and future periods could not be disclosed, estimating it is impracticable due to the fact that the change in residual values and estimated useful lives were identified as part of the 2017 revaluation and could not be differentiated.

21 DEVIATION FROM COMPETITIVE BIDDING

During the financial year we deviated from competitive bidding with the WSSA contract. This contract is considered to be essential services and will be in place up until new contractors have been appointed. This contract was out on tender but after the Rustenburg Local Municipality interfered with the process the tender validity period lapsed. The WSSA contract will go out on tender in the following financial year. The trust also used the services of Dup West Attorneys in Rustenburg to get a urgent court interdict to remove the squatters in front of the Rustenburg Sewer Plant, the amount that was spent is R 18,577.74

Len Dekker - R 850,000.00

During the year the Trust deviated from competitive bidding with the procurement of Len Dekker attorneys. Sec 12.22 of the RWST SCMP was used for exceptional cases where it was deemed impractical or impossible to follow official procurement processes. The CMS court case was heading for the high court, Case No M530/2020 and it did not make sense to procure new attorneys when the case was midway. Len Dekker Attorneys was appointed on a quotation basis in Dec'20 and in June'21 it was extended to ensure the factual preparation of the Court case involving CMS is completed. In terms of section 12.22(2) the reasons for deviation need to reported at the next board meeting (2 July 2021) and same must be disclosed in the AFS of the RWST for that financial year.

Len Dekker - R 1,520,000.00

Sec 12.22 of the RWST SCMP was used for exceptional cases where it was deemed impractical or impossible to follow official procurement processes. The RWST and its Trustees was challenged in The high court on an urgent basis and it did not make sense to procure new attorneys in this urgent matter. Len Dekker Attorneys was part of a three quotation basis and was second on scoring prices. As the first firm did not have the requisite expertise available, the second was requested to represent to RWST in this urgent matter. Mr Kumbi won part A and as a result the RWST was compelled to carry his legal cost (Sifumba Attorneys) in terms of section 12.22(2) the reasons for deviation need to reported at the next board meeting (5 August 2021 and resolution #97) and same must be disclosed in the AFS of the RWST for that financial year.

22 CONTINGENT LIABILITIES

There was a legal matter brought to the high court by one trustee (applicant) against the Trust (respondent). The high court application was referred to arbitration in terms of the Trust Deed, this was finalised during 2021. A cost order was granted in the final arbitration order in favour of the applicant against the Trust in respect of part A of the Arbitration. The remaining step in the matter is for the arbitration award to be made an order of court, following which the applicant's bill of costs can be taxed to determine the due and payable amount. Based on the above outcome, the Trust has a possible obligation that arises from the final arbitration order (past event). The court order is the future event that will confirm the existence of the liability. The costs that would be due and payable by the Trust because of the above matter is estimated at R 450 000.

	2023	2022
23 COST OF SALES		
Cost of sales attributable to water purification works	20 701 954	19 510 761
Cost of sales attributable to sewerage purification works	100 393 910	86 055 829
	<u>129 095 864</u>	<u>105 566 590</u>
24 REPAIRS		
Repairs attributable to water purification works	4 531 480	5 201 669
Repairs attributable to sewerage purification works	9 967 499	9 625 507
	<u>14 498 979</u>	<u>14 827 175</u>

25 BUDGET VARIANCES

Material differences between final budget and actual amounts

It is general practice to deem a 10% and above deviation on operational revenue and expenditure versus the final budget as material.

Revenue:

Sales to RLM: (10.94% over)

Revenue was more than projected because of more rainfall in the later part of the financial year than anticipated. There were also blockages in the pipes cleared that had a bigger effect than what was planned for.

Interest received: (25.84% over)

This was due to higher interest rates and RLM paying their debt faster than what was budgeted and that meant that there were more cash in the bank.

Expenses:

Impairment loss: (164.01% over)

In the 2022 financial year the impairment testing was not done as detailed as it was in this year, this is because of the CEO resigning as at end of June 2022 and the Trust had no trustees in the period that the impairment testing took place normally. So this years impairment was done in detail. Better budgeting should be done on impairment going forward.

Repairs: (24.96% under)

Repairs are budgeted on an annual basis which includes assets that needs replacement. Because of the fact that the operators did not receive any payments from the Trust in the first 4 months of the year they did not spend money on repairs.

Salaries: (35.04% under)

The Trust was not able to appoint a suitable candidate for the CEO position before year end.

O&M supervision: (17.24% over)

Extra additional duties came upon the consulting engineers table which includes quarterly PAC reports on KPIs, Blue Drop and Green Drop assessments, AG performance auditing and ad hoc requests relating to the Eskom dedicated line and the Bospoort generator debacle.

Asset revaluation: (100% under)

The Trust did not get the asset revaluation tender out in time before the year end.

Basis of preparation and presentation of the 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 1 July 2022 to 30 June 2023.

Rustenburg Water Services Trust

APPENDICES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023



ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

INFRASTRUCTURE ASSETS

	CAPITAL PROJECTS (WIP)	Water purification works	Sewerage purification works	Total
	R	R	R	R
2023				
Cost/ Revaluation	78 347 151	314 613 260	869 258 418	1 262 218 829
Accumulated Depreciation	-	(268 760 832)	(467 944 132)	(736 704 963)
Net Book Amount	78 347 151	45 852 429	401 314 286	525 513 865
2022				
Cost/ Revaluation	78 026 972	310 420 876	877 518 932	1 265 966 779
Accumulated Depreciation	-	(264 108 096)	(449 003 003)	(713 111 100)
Net Book Amount	78 026 972	46 312 779	428 515 928	552 855 679

6.5 POST AUDIT ACTION PLAN (PAAP) – AUDIT REPORT FINDINGS 2022-2023

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
	<p>3. The municipality did not account for the work-in-progress (WIP) assets relating to internal services and bulk infrastructure, constructed as part of housing projects within its jurisdiction, as required by GRAP 17, property, plant and equipment.</p>	<p>FMS</p>	<p>This was a new matter which management only became fully aware of during the audit. We will in future assess such housing arrangements with the North West Department of Human Settlements. Prior year correction will be done in the 2023/24 financial year to recognise the PPE (WIP).</p>	<p>31/01/2024</p>
<p>Non-current assets Property, plant and equipment</p>	<p>4. The municipal entity, RWST did not revalue, neither review the residual values and useful lives of bulk water assets at each reporting date as required by GRAP 17, property, plant and equipment. RWST did not align its accounting policy to that of its parent (RLM) to ensure uniform accounting policies within the group during consolidation as required by GRAP 35, Consolidated financial statements. The full misstatement of the bulk water assets with the carrying amount of R525 514 000 (2022: 552 856 000) as disclosed on note 4 of the separate and consolidated financial statements could not be determined by the auditor.</p>	<p>RWST</p>	<p>There was an oversight from the trust in fully complying with the requirements of GRAP when preparing the Annual Financial Statements. In the 2022/23 financial year, there was no board of trustees which made it difficult for the trust to execute its duties. The trustees have now been appointed and the trust will be able to appoint the service provider to assist with a GRAP compliant Asset register from 2023/24 financial year. This finding will therefore still remain in the 2022/23 audit. The MM appointed bid committee members to support the trust and ensure that the issue of PPE is adequately resolved RWST requested assistance from the municipality to execute SCM processes.</p>	<p>30/06/2024</p>

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
Payables from exchange transactions	<p>5. Payables from exchanged transactions - Limitation on Unallocated Deposits</p> <p>I was unable to obtain sufficient and appropriate audit evidence due to the state of underlying records and lack of information to support Unallocated deposits. I was unable to confirm unallocated deposits through alternative means. Consequently, I was unable to determine whether any adjustments to Unallocated deposits of R31 776 000 (2022: R91 054 000) included in payables from exchange transactions.</p>	FMS	<p>Automated Reconciliation System: Explore options for an automated reconciliation system or software that can help streamline the reconciliation process. Bank Reconciliation Module: Implement a bank reconciliation module within your financial system. This module should be capable of matching bank references, detecting duplicate transactions, and providing clear indications of unallocated transactions.</p> <p>Enhance Data Entry Controls: Work on enhancing data entry controls to prevent the recording of duplicate transactions. Ensure that the system has validation checks in place to identify and flag potential duplicates based on key parameters such as bank references, amounts, and dates.</p> <p>Use of Unique Identifiers: If possible, consider introducing unique identifiers for transactions to ensure that each transaction is recorded only once. This could be a combination of factors such as invoice numbers, transaction IDs, or unique reference numbers.</p> <p>Data Analysis and Cleansing: Regularly analyse and clean the data within your financial system. Identify and rectify duplicate entries, incorrect allocations, or missing information. This may involve periodic data audits and cleanup procedures.</p>	31/01/2024

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
			<p>Training and Documentation: Provide training to staff involved in data entry and reconciliation processes. Document clear guidelines and procedures to ensure consistent and accurate data entry.</p>	

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
Consumer debtors	6. The allowance for impairment of consumer debtors was not done in accordance with the impairment methodology, resulting in the allowance for impairment included in consumer debtors and impairment loss as disclosed in note 35, being understated by R82 702 587 in addition, I was unable to obtain sufficient and appropriate audit evidence that the indigent debtors and consumer debtors included in the consumer debtors had been properly accounted for, due to the status of the accounting records. I was unable to determine whether any adjustment to the consumer debtors of R213 942 000 and R195 569 000 as disclosed in note 15 to the consolidated and separate financial statement were necessary.	Revenue & Billing	An analysis of the debtors book will be performed to identify any inconsistencies and these will be corrected by March 2023. Indigents: Current indigent register will be reviewed to have explanations on issues that were raised by the AG.	From January 2024 - March 2024 with monthly progress reports.
	7. The municipality did not accurately account for consumer debtors amounting to R6 424 468 000 and R6 406 095 000 as disclosed in toe 15 in accordance with GRAP 104, Financial instruments. Furthermore, RLM incorrectly included own accounts under consumer debtors due to inadequate internal controls in place to ensure that they exclude their own accounts from revenue and receivables. Consequently, consumer debtors were overstated by R94 812 441, accumulated surplus overstated by R82 521 138, revenue from exchange	Billing	Consumer deposits for 2022/23 will be reviewed to make sure that they are aligned to the policy.	31/01/2024

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
	<p>transactions overstated by R7 833 857 and interest received overstated by R4 457 447.</p>			

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
Revenue from exchange transactions	<p>8. The municipality did not accurately account for revenue from service charges in accordance with GRAP 9, revenue from exchange transactions. Differences were identified between the billed water and recalculations performed. The municipality also did not have adequate systems to estimate the billing of water, which resulted in in the difference between the estimated consumption billed and the recalculation performed. Consequently, the sale of water and service charges relating to water were overstated by R 267 277 294. Furthermore, revenue from electrical charges and related consumer debtors were understated by R61 448 297 (2022:R98 107 278) and R61 448 297 (2022: R78 044 278) respectively due to lack of internal controls to ensure that all revenue from electrical billed is recorded. There was a resultant impact on the surplus for the period and the accumulated surplus. In addition, I was unable to confirm these revenue from exchange transactions due to the state of the underlying records and lack of information supporting these amounts was unable to confirm these revenue from exchange transactions by alternative means. Consequently, I was unable to confirm whether any further adjustments were necessary to service charges of R4</p>	Billing	<p>The unit had two issues which was estimated charges as well as confirmation of units billed.</p> <p>Estimated charges There is an intervention required from Councillors as most townships and villages are refusing access to meter readers. The municipality is busy with the procurement of the financial system as there are currently challenges in the calculation of estimates in some accounts.</p> <p>Verification of units billed There is a collaborated effort between the billing unit/ building control as well as waste management unit to verify al businesses so that proper verifiable units are billed. For residential properties, these will be verified when the AG selects them on their sample</p>	From January 2024 to June 2024 with monthly progress reports.

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
	395 411 000 and R4 317 654 000 (2022: R4 094 168 000 and R4 018 522 000) as disclosed in note 25 to the consolidated and separate financial statements.			

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
Consumer deposits	9. The municipality did not accurately amount for consumer deposits amounting to R64 069 000 as disclosed in note 24 in accordance with GRAP 104, Financial Instruments. Difference were identified between consumer deposit recorded and recalculations performed on business accounts. The municipality also did not have adequate systems to perform this calculation, which resulted in consumer deposits and consumer debtors as disclosed in both notes 24 and 15 of the consolidated and separate financial statements, being understated by R81 663 523. Additionally, there was a resultant impact on the surplus for the period and the accumulated surplus.	Revenue	Recalculate all consumer deposits for the 2022/23 financial year to quantify error and process the necessary corrections	31/01//2024
General expenses	10. The municipality did not account for all the expenditure incurred in the current year in accordance with GRAP 1, Presentation of financial statements. The municipality also did not have adequate internal controls in place to ensure the completeness of general expenditure, which resulted in the general expenses as disclosed in note 22 to the consolidated and separate financial statements, being understated by R 105 9165 538. Additionally, there was a resultant impact on the surplus for the period and accumulated surplus.	FMS	The User Directorates should collaborate with the BTO to ensure timely submission of invoices. This responsibility is not exclusive to the BTO, and collective teamwork is essential to accurately accrue all invoices onto the system. The CFO's office will consistently communicate with all User Directorates, urging them to submit invoices promptly to prevent any discrepancies in the current financial year as it was previously done in the prior years. Consequence Management measures must be implemented to those who fail to adhere to the rules and regulations outlined in the MFMA.	31/01/2024

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
Contracted services	11. The municipality did not accurately account for the contracted services amounting to R373 054 000 as disclosed in note 38 in according with GRAP 1, Presentation of financial statements. This is due to municipality failing to correctly account for the expenditure relating to the Rustenburg Rapid Transport Operator Compensation and other contracted services in terms of the service level agreements. This resulted in contracted services as disclosed in note 38 being understated by R137 169 317 and trade payables as disclosed in note 22 to the consolidated and separate financial statements being understated by R172 377 259. Additionally, there was a resultant impact on the surplus for the period and the accumulated surplus.	FMS & RRT	Follow-up with RRT on the outstanding invoices relating to the taxi's that were surrendered in the 2022/23 FY.	31/01/2024
Irregular expenditure (disclosure note 55)	12. Section 125(2)(d)(i) of the MFMA requires the disclosure of irregular expenditure incurred. The municipality made payments of R60 369 653, and the Trust made payments in the current and previous financial years in contravention of the supply chain management (SCM) requirements which were not included in irregular expenditure disclosed. As the municipality and the municipal entity did not quantify the full extent of the irregular expenditure as per note 55 to	SCM & RWST	We will test are report on Irregular Expenditure for the Trust as means of addressing irregular expenditure from their side.	On-going

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
	the consolidated and separate financial statements.			
Irregular expenditure - Limitation of scope	13. I was unable to obtain sufficient appropriate audit evidence for the opening balance of irregular expenditure disclosed because the municipality did not maintain a detailed register of irregular expenditure. I was unable to confirm the opening balance by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to irregular expenditure of R6 279 632 000 (2022: R5 900 377 000) and R6 279 727 000 (2022: R5 900 377 000) as disclose in note 55 to the financial statements.	SCM	The Irregular Expenditure adjustments will be done to ensure that the register is complete.	31/03/2024
Emphasis of matters Unauthorised and fruitless and wasteful	20. As disclosed in note 53 to the consolidated and separate financial statements, unauthorised expenditure of R48 039 000 was incurred in the current year, and the unauthorised expenditure of R173 625 000 in respect of prior years has not yet been dealt with in accordance with section 32 of the MFMA.	FC FMS	Detailed reports have been drafted to investigate the unauthorised expenditure identified during the 2022 and 2023 audits. The reports are currently undergoing quality review. This will be processed in terms of S32 of the MFMA through MPAC, PFC and Council from January 2024 to June 2024 once the annual report and audit report is adopted by council.	30/06/2024

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
expenditure		Water Electrical		
	21. As disclosed in note 54 to the consolidated and separate financial statements, fruitless and wasteful expenditure of R2 549 000 was incurred in the current year, and fruitless and wasteful expenditure of R35 587 000 from prior years has not yet been dealt with in accordance with section 32 of the MFMA.	FMS	An inquiry into Fruitless and Wasteful reports for the 2022/2023 financial year has been forwarded to the CFO's office for the Municipal Manager's attention, with the expectation of subsequent submission to the Council. The investigation is currently in progress, and we await the final outcome.	

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
<p>Emphasis of matters</p> <p>Material losses</p>	<p>23. As disclosed in note 56 to the consolidated and separate financial statements, material water losses of R268 835 000 (2022: R196 238 000) were incurred as a result of water loss through the distribution was incurred as a result of water lost through the distribution process, which represents 51,57% (2022: 46.48%) of total water purchased.</p>	<p>Water</p>	<p>The municipality has embarked on a number of projects to replace aged infrastructure, in particular Asbestos Cement pipes. Some of the projects are completed, some ongoing while others are out on advert. To reduce physical water losses, the Rustenburg LM has prioritised the master plan and sectorisation plan. Zonal Valves and pressure reducing valves will be installed where required to reduce high static pressures within the system. Zonal Magnetic flow meters configured to the current telemetry system will be used to better manage water and reduce water losses. In addition to that, ongoing awareness campaigns are being conducted as part of our efforts. Analysis of billing records for unusual consumption patterns and missing meter reading are being addressed. A consultant has been appointed by RLM to collect meter readings within the Rustenburg jurisdiction, as well as to identify and address any instances of illegal connections. Installation of check meters will also be given priority. The inaccuracies and errors of the billing system will be limited by data cleansing through RLM Revenue Protective Task Team, a collaboration between DTIS and BTO. Furthermore, dedicated teams within RLM have been assigned the specific responsibility of addressing faulty meters within a 24-hour turnaround time to mitigate water losses.</p>	<p>30/06/2024</p>

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
	<p>24. As disclosed in note 56 to the consolidated and separate financial statements, material electricity losses of R298 448 000 (2022: R272 282 000) were incurred as a result of electricity loss through the distribution process, which represents 9,34% (2022: 9,14%) of total electricity purchased.</p>	Electrical	<p>Technical Losses are estimated to be 4%-6%. The losses are averted by continuous re-configuration of the HV and MV network to reduce overloading as well as ensuring proper load balancing on the three phases of LV networks per substation. Repairs of Power Factor correction equipment at Industries- Works Orders have been issued to Service Providers to source parts and perform repairs. Meter Audits, resealing and verification of data is being implemented by the appointed service provider. Align the RLM Tariffs to be reflected in accordance with the Time Of Use Tariffs form Eskom. Cost of Supply submitted to DOE. Workshop to be scheduled with Nersa for approval there-of.</p>	
Compliance with legislation	<p>Annual Financial Statements, performance and annual reports 51. The consolidated and separate financial statements submitted for auditing were not prepared in all material respects in accordance with the prescribed financial reporting framework as required by section 122(1) of the MFMA.</p>	FC	<p>The municipality will have bi-monthly AFS preparation and audit steering (internal) committee meetings during the 2023/24 financial year in preparation for the current year audit with a focus on addressing material prior year findings.</p>	On-going

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
	<p>Expenditure Management</p> <p>52. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.</p> <p>53. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified, as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by awarding contracts without following normal procurement processes.</p> <p>54. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R2 549 000, as disclosed in note 54 to the consolidated and separate annual 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.</p> <p>55. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R48 039 000, as disclosed in note 53 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by non-cash related expenditure.</p>	<p>FMS</p> <p>SCM</p> <p>FMS</p> <p>FC</p>	<p>Currently adhering to the 30 day rule depending of the cash flow of the municipality. Implementation of cash flow management controls to ensure timeous payments to statutory bodies.</p> <p>To develop Checklists and SOP for committee members and ensure that they are implemented and form part of the agenda for every meetings.</p> <p>An inquiry into Fruitless and Wasteful reports for the 2022/2023 financial year has been forwarded to the CFO's office for the Municipal Manager's attention, with the expectation of subsequent submission to the Council. The investigation and preventative measures are currently in progress, and we await the final outcome.</p> <p>Detailed reports have been drafted to investigate the unauthorised expenditure identified during the 2022 and 2023 audits. The reports are currently undergoing quality review. This will be processed in terms of S32 of the MFMA through MPAC, PFC and Council from January 2024 to June 2024 once the annual report and audit report is adopted by council. The preventative measures are in place.</p>	<p>On-going</p>

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
	<p>Consequence management</p> <p>56. Unauthorised 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) of the MFMA.</p> <p>57. Irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.</p> <p>58. 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)(b) of the MFMA.</p>	<p>FC</p> <p>SCM</p> <p>FMS</p>	<p>The municipality had capacity constraints in investigating. The unauthorised, irregular and fruitless ad wasteful expenditure will be categorized according to the cause of that expenditure so that the less complicated cases can be investigated and recommended to Council for a write off where the value for money can be justified. A plan is developed to investigate more complicated cases before they are presented to Council. The first report will be available in February 2024.</p> <p>An inquiry into Fruitless and Wasteful reports for the 2022/2023 financial year has been forwarded to the CFO's office for the Municipal Manager's attention, with the expectation of subsequent submission to the Council. The investigation is currently in progress, and we await the final outcome.</p>	<p>On-going</p>

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
	<p>Procurement and contract management</p> <p>59. Some invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM regulation 22(1) and 22(2).</p> <p>60. Some invitations to tender for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8(2).</p> <p>61. 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. A similar limitation was reported in the prior year.</p> <p>62. Sufficient appropriate audit evidence could not be obtained that contract performance and monitoring measures were in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA. A similar limitation was reported in the prior year.</p> <p>63. Awards were made to providers who were in the service of other state</p>	SCM	To develop Checklists and SOP for committee members and ensure that they are implemented and form part of the agenda for every meetings.	31/01/2024

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
	institutions or whose directors / principal shareholders were in the service of other state institutions, in contravention of section 112(1)(j) of the MFMA and SCM regulation 44.			
	Revenue Management 47. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.	Billing & Revenue	There municipality will strengthen the interdependency among all role players in the revenue value chain.	On-going

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
	<p>Strategic Planning and Performance Management</p> <p>65. No KPIs were set in respect of the provision of basic water services, as required by section 43(2) of the Municipal Systems Act (MSA) and municipal planning and performance management regulation 10(a).</p> <p>66. The performance management system and related controls were inadequate as they did not enable useful and reliable performance measurement and reporting, as required by municipal planning and performance management regulation 7(1).</p>	PMS & DTIS	The KPI's for basic services will be set and appropriate reasons for variances will be documented accordingly	On-going
	<p>KPA 4: Local economic development <u>KPI 25: Number of work opportunities created through public employment programmes</u></p> <p>38. An achievement of 2 502 was reported against a target of 1 500. I could not determine if the reported achievement was correct, as the processes established to consistently measure and report achievements were inadequate. Adequate supporting evidence was also not provided for auditing. Consequently, the reported achievement might be more or less than reported.</p>	PMS & LED	There were two sources of this data; firstly, public employment programmes implemented by PMU; secondly, opportunities emanating from LED programmes (e.g. agriculture, tourism, arts, manufacturing, green economy and skills development) and initiatives aimed at supporting local SMMEs. LED will coordinate with the PMU on the data collection approach to ensure that it meets the standards required. Secondly, LED will standardise the data collection tools from beneficiary SMMEs to ensure consistency.	On-going

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
	<p>KPA 5: Basic services and infrastructure development <u>Various indicators</u></p> <p>39. Based on audit evidence, the actual achievement for indicators did not agree to the achievements reported. Consequently, the reported achievement was overstated:</p> <p><u>KPI 31: Number of electrical projects (high mast lights) implemented by 30 June 2023.</u> Indicator Target = 3 Reported achievement = 2 Actual achievement = 0</p> <p><u>KPI 39: Percentage of compliance with the required attendance time for structural firefighting incidents by 30 June 2023</u> Indicator Target = 98% Reported achievement = 98% Actual achievement = 68%</p>	<p>PMS, PMU & DPS</p>	<p><u>KPI 31: Number of electrical projects (high mast lights) implemented by 30 June 2023.</u> During the period under review, all the 22 High Mast lights were erected/ constructed and awaiting to be energized. The 3 high mast lights for Kanana A & C and Robega were on advert.</p> <p><u>KPI 39: Percentage of compliance with the required attendance time for structural firefighting incidents by 30 June 2023</u> Development and installation of electronic fire incidents capturing system to improve accurate data generation.</p>	<p>On-going</p>

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
	<p>KPA 5: Basic services and infrastructure development <u>Various indicators</u></p> <p>40. The indicators were included in the approved service delivery and budget implementation plan and integrated development plan but were not clearly defined during planning processes. It was also not determined how the related targets would be measured and what evidence would be needed to support the achievements. Consequently, the information might be less useful for measuring performance.</p> <p><u>KPI 29: Percentage of drinking water samples complying to SANS241 by June 2023:</u> Indicator Target = 98% Reported achievement = 98%</p> <p><u>KPI 34: Number of recognised informal settlements with a waste service by 30 June 2023:</u> Indicator Target = 16 Reported achievement = 26</p> <p><u>KPI 35: Percentage of formal households with a weekly solid waste removal service by 30 June 2023:</u> Indicator Target = 80% Reported achievement = 100%</p>	<p>PMS, DTIS & DCD</p>	<p><u>KPI 29: Percentage of drinking water samples complying to SANS241 by June 2023:</u> A Service Provider has been appointed to monitor Rustenburg LM's drinking water quality from the point of sale up to the end-user. Monthly reports from the service provider and Rand Water (Tap Analysis Programme) are regularly shared with the municipality to ensure the safety of our drinking water supply. Internally, a consolidated report is generated to calculate the achieved compliance. The Data Definition Sheet has been updated to include the formula used to calculate Water Quality % Compliance: % compliance = (Total number of samples - Total number of outliers / (Total number of samples)) X100</p> <p><u>KPI 34: Number of recognised informal settlements with a waste service by 30 June 2023:</u> The Municipality will not under plan in future and targets have been adjusted accordingly in the 2023/24 financial year. The Portfolio of Evidence for both KPIs have been reviewed following the 2022/23 Audit Period.</p> <p><u>KPI 35: Percentage of formal households with a weekly solid waste removal service by 30 June 2023:</u> The Municipality will not under plan in future and targets have been adjusted accordingly in the 2023/24 financial year. The Portfolio of</p>	<p>On-going</p>

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
			Evidence for both KPIs have been reviewed following the 2022/23 Audit Period.	

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
	<p><u>KPI 37: Number of vehicles operating through the bus operating company by 30 June 2023</u></p> <p>41. I could not determine whether the achievement of 35 branded taxis and five buses reported against a target of 35 branded taxis and 10 buses was correct, as there were no processes to consistently measure and report on achievements against planned indicators. I could not determine if the measure to improve performance was correct, as adequate supporting evidence was not provided for auditing. Consequently, the reported achievement might be more or less than reported and was not reliable for determining if the target had been achieved.</p>	PMS & Road and Transport	The municipality measures the up-time and service availability to residents and commuters by the number of vehicles operating per month. Therefore the bus operating company submits monthly report containing the unique vehicle descriptions and kilometres travelled for each vehicle. The municipality further has a live tracking system for vehicles which provides any deviation from the time tables/schedule per route. The municipality to improve reporting of this indicator to demonstrate performance.	On-going
	<p><u>KPI 32: Appointment of service provider for sewer in Lethabong by 30 June 2023</u></p> <p>42. There was no link between the indicator and target of KPI 32: Appointment of service provider for sewer in Lethabong by 30 June 2023 and the achievement of planned objectives and strategic goals, as it did not measure actual service delivery. The indicator and target measured the appointment of service providers for sewer projects instead of delivery of sewer services. In addition, I could not determine if the measure to improve performance was</p>	PMS & PMU	Service provider for Lethabong Phase B was appointed by June 2023.	On-going

CLASS	FINDING	RESPONSIBLE UNIT	ACTION TO ADDRESS FINDING	DUE DATE FOR COMPLETION
	correct, as adequate supporting evidence was not provided for auditing.			
	<p><u>KPI 38: Kilometres of new municipal road lanes built by 30 June 2023</u></p> <p>43. I could not determine if the reasons for the differences between the reported achievements and the planned targets were correct, as adequate supporting evidence was not provided for auditing. Consequently, I could not confirm the reliability of the reasons for the reported underachievement/overachievement. Indicator Target = 30km Reported achievement = 10 050,41 m</p>	PMS & Road and Transport	The municipality achieved 10,050 metres or 10 kilometres for the period under review. The municipality submitted completion certificates for the roads projects that have been completed and progress report for roads still under implementation were submitted. The municipality to improve reporting for the indicator to demonstrate progress and motivate for physical site visits for verification.	On-going

APPENDICES A - T

APPENDIX A

The following table depicts all councilors in the Municipal Council, the political parties they represent, their standing in the council (Ward or Proportional Representative), number of meetings planned and attended.

Councillor	Political Representation	Ward or Proportional Representation	Total Number Council Meetings	Attendance of each Councillor		
				Ordinary	Special	Total meetings attended
ClIr Bossau A A	FF+	PR	30	5	19	24
ClIr Bridger A T	DA	PR	30	5	19	24
ClIr Cronje J C	DA	Ward 16	30	4	18	22
ClIr Diale B K	EFF		13	1	8	9
ClIr De Beer J M	FF+	PR	30	5	21	26
ClIr Du Plessis G	DA	Ward 14	30	5	21	26
ClIr Dumani M C	ANC	Ward 37	30	5	18	23
ClIr Edwards I	DA	Ward 15	30	5	23	28
ClIr Fulani W	ANC	Ward 28	30	5	19	24
ClIr Gaonakala M I	ANC	PR	30	5	18	23
ClIr Grove A S	DA	Ward 42	30	4	17	21
ClIr Gumede J S	TCM	PR	30	5	17	22
ClIr Keyser J	DA	PR	30	5	21	26
ClIr Kgotse P C	TCM	PR	30	5	22	27
ClIr Khoeli L	Ind	Ward 33	30	5	20	25
ClIr Kombe O J	BCM	PR	30	5	18	23
ClIr Kotu M	TCM	PR	16	2	13	15
ClIr Langeni E	ANC	Ward 02	30	5	20	25

Councillor	Political Representation	Ward or Proportional Representation	Total Number Council Meetings	Attendance of each Councillor		
				Ordinary	Special	Total meetings attended
ClIr Lebethe POL	EFF	PR	30	5	15	20
ClIr Letlape M S	EFF	PR	30	4	14	18
ClIr Mabale-Huma S S K	ANC	PR	30	5	24	29
ClIr Mabe L L	ANC	PR	30	5	22	27
ClIr Macone I S	ANC	Ward 44	30	5	15	20
ClIr Makhuto A	ANC	Ward 22	30	5	19	24
ClIr Malan P A	DA	PR	30	4	21	25
ClIr Malinga M	ANC	Ward 09	30	1	14	15
ClIr Marekoa B B	ANC	PR	30	5	17	22
ClIr Mashiakgomo K D	EFF	PR	30	3	21	24
ClIr Matjene T E	TCM	PR	30	5	19	24
ClIr Melanzi J Z	F4SD	PR	30	5	17	22
ClIr Mkholwa S P	ANC	Ward 35	30	5	21	26
ClIr Mmapitsa O C	ANC	Ward 26	30	5	19	24
ClIr Moatshe F S	ANC	Ward 10	30	4	17	21
ClIr Mduke T O	ANC	Ward 08	30	5	22	27
ClIr Mogomotsi K	ANC	PR	30	5	23	28
ClIr Mogwera J G	EFF	PR	30	4	19	23
ClIr Mokapi C T	TCM	Ward 23	30	5	16	21
ClIr Mokgatle O J	TCM	PR	30	5	18	23
ClIr Mokgosi T C	EFF	PR	30	4	21	25
ClIr Molatlhegi P R	EFF	PR	3	0	3	3
ClIr Monaise K L	EFF	PR	30	4	20	24

Councillor	Political Representation	Ward or Proportional Representation	Total Number Council Meetings	Attendance of each Councillor		
				Ordinary	Special	Total meetings attended
ClIr Mooketsi T Z	ANC	Ward 30	30	5	10	15
ClIr Morapedi M P	ANC	Ward 45	30	5	21	26
ClIr Morei K B	ANC	Ward 27	30	5	19	24
ClIr Moreki B I	ANC	Ward 05	30	5	18	23
ClIr Mosete M E E	ANC	Ward 38	30	4	16	20
ClIr Mosito A M	ANC	Ward 39	30	3	16	19
ClIr Motlhamme G S	EFF	Ward 24	30	2	18	20
ClIr Motshegwe S M	ANC	Ward 12	30	5	23	28
ClIr Mpele J B	ANC	Ward 19	30	5	20	25
ClIr Mputle V	ANC	Ward 03	30	5	22	27
ClIr Mtoto M	EFF	PR	30	4	21	25
ClIr Myoli V N	DA	PR	30	5	19	24
ClIr Nageng B V	EFF	PR	30	4	13	17
ClIr Ngwenya G N	TCM	PR	30	4	13	17
ClIr Nhacuangue N	DA	PR	30	5	21	26
ClIr Nke H S R R	Arona	PR	30	4	16	20
ClIr Ngetse A	EFF	PR	16	1	7	8
ClIr Nkgweng G N	ANC	PR	30	5	17	22
ClIr Nortjie J J	DA	Ward 18	30	5	23	28
ClIr Notshaya N G	UDM	PR	30	3	14	17
ClIr Ntshabele K P	ANC	PR	0	0	0	0
ClIr Phalole M D	EFF	PR	30	4	21	25
ClIr Phiri K D	ANC	Ward 34	30	5	21	26

Councillor	Political Representation	Ward or Proportional Representation	Total Number Council Meetings	Attendance of each Councillor		
				Ordinary	Special	Total meetings attended
ClIr Phutu K K	ANC	Ward 29	30	5	21	26
ClIr Pooe M M	ACDP	PR	30	4	20	24
ClIr Pule E S T	ANC	Ward 07	30	3	21	24
ClIr Pule L J	ANC	PR	30	4	23	27
ClIr Pule T D	EFF	PR	16	2	12	14
ClIr Qobeka J	ANC	Ward 40	30	5	17	22
ClIr Ralokwakweng J O	EFF	PR	30	4	21	25
ClIr Rampou D T	ANC	Ward 21	30	5	24	29
ClIr Rootman A P	FF+	PR	30	4	19	23
ClIr Rothman T	DA	Ward 17	30	5	15	20
ClIr Salang J	ANC	Ward 32	30	4	20	24
ClIr Seleke A A	ANC	Ward 20	30	4	18	22
ClIr Sentsho S L	ANC	Ward 13	30	5	23	28
ClIr Serongoane P H	ANC	Ward 25	30	4	17	21
ClIr Serunye C K	ANC	Ward 36	30	5	15	20
ClIr Sethonga D M	ANC	Ward 01	30	4	20	24
ClIr Shomang V	ANC	Ward 31	30	5	16	21
ClIr Sikwane C K	EFF	PR	14	1	6	7
ClIr Snyders L B	DA	Ward 43	30	4	20	24
ClIr Tause S S	ANC	Ward 06	30	5	21	26
ClIr Vena E K	ANC	Ward 04	30	5	21	26
ClIr Xatasi N S	AIC	PR	30	5	20	25
ClIr Xhinela Z	ANC	Ward 41	30	5	20	25

Councillor	Political Representation	Ward or Proportional Representation	Total Number Council Meetings	Attendance of each Councillor		
				Ordinary	Special	Total meetings attended
ClIr Zimba K M	EFF	PR	30	3	18	21
ClIr Petlele S P	ANC	Ward 11	11	0	0	0
ClIr Lebelo S	ANC	PR	12	4	6	10
ClIr Nkgwang V K	EFF	PR	12	3	7	10
ClIr Majolo W	EFF		12	0	5	5
ClIr Manyaku E S	EFF		10	2	5	7

Councillor	Political Representation	Ward or Proportional Representation	Total Number Council Meetings	Attendance of each Councillor		
				Ordinary	Special	Total meetings attended
ClIr Bossau A A	FF+	PR	30	5	19	24
ClIr Bridger A T	DA	PR	30	5	19	24
ClIr Coetzee M	DA	PR	30	5	22	27
ClIr Cronje J C	DA	Ward 16	30	4	18	22
ClIr Diale B K	EFF		13	1	8	9
ClIr De Beer J M	FF+	PR	30	5	21	26
ClIr Du Plessis G	DA	Ward 14	30	5	21	26
ClIr Dumani M C	ANC	Ward 37	30	5	18	23
ClIr Edwards I	DA	Ward 15	30	5	23	28
ClIr Fulani W	ANC	Ward 28	30	5	19	24
ClIr Gaonakala M I	ANC	PR	30	5	18	23
ClIr Grove A S	DA	Ward 42	30	4	17	21
ClIr Gumede J S	TCM	PR	30	5	17	22
ClIr Keyser J	DA	PR	30	5	21	26
ClIr Kgotse P C	TCM	PR	30	5	22	27
ClIr Khoeli L	Ind	Ward 33	30	5	20	25
ClIr Kombe O J	BCM	PR	30	5	18	23
ClIr Kotu M	TCM	PR	16	2	13	15
ClIr Langeni E	ANC	Ward 02	30	5	20	25
ClIr Lebethe POL	EFF	PR	30	5	15	20
ClIr Letlape M S	EFF	PR	30	4	14	18
ClIr Mabale-Huma S S K	ANC	PR	30	5	24	29

Councillor	Political Representation	Ward or Proportional Representation	Total Number Council Meetings	Attendance of each Councillor		
				Ordinary	Special	Total meetings attended
ClIr Mabe L L	ANC	PR	30	5	22	27
ClIr Macone I S	ANC	Ward 44	30	5	15	20
ClIr Makhuto A	ANC	Ward 22	30	5	19	24
ClIr Malan P A	DA	PR	30	4	21	25
ClIr Malinga M	ANC	Ward 09	30	1	14	15
ClIr Marekoa B B	ANC	PR	30	5	17	22
ClIr Mashiakgomo K D	EFF	PR	30	3	21	24
ClIr Matjene T E	TCM	PR	30	5	19	24
ClIr Melanzi J Z	F4SD	PR	30	5	17	22
ClIr Mkhohwa S P	ANC	Ward 35	30	5	21	26
ClIr Mmapitsa O C	ANC	Ward 26	30	5	19	24
ClIr Moatshe F S	ANC	Ward 10	30	4	17	21
ClIr Moduke T O	ANC	Ward 08	30	5	22	27
ClIr Mogomotsi K	ANC	PR	30	5	23	28
ClIr Mogwera J G	EFF	PR	30	4	19	23
ClIr Mokapi C T	TCM	Ward 23	30	5	16	21
ClIr Mokgatle O J	TCM	PR	30	5	18	23
ClIr Mokgosi T C	EFF	PR	30	4	21	25
ClIr Molatlhegi P R	EFF	PR	3	0	3	3
ClIr Monaise K L	EFF	PR	30	4	20	24
ClIr Mooketsi T Z	ANC	Ward 30	30	5	10	15
ClIr Morapedi M P	ANC	Ward 45	30	5	21	26

Councillor	Political Representation	Ward or Proportional Representation	Total Number Council Meetings	Attendance of each Councillor		
				Ordinary	Special	Total meetings attended
ClIr Morei K B	ANC	Ward 27	30	5	19	24
ClIr Moreki B I	ANC	Ward 05	30	5	18	23
ClIr Mosete M E E	ANC	Ward 38	30	4	16	20
ClIr Mosito A M	ANC	Ward 39	30	3	16	19
ClIr Motlhamme G S	EFF	Ward 24	30	2	18	20
ClIr Motshegwe S M	ANC	Ward 12	30	5	23	28
ClIr Mpele J B	ANC	Ward 19	30	5	20	25
ClIr Mputle V	ANC	Ward 03	30	5	22	27
ClIr Mtoto M	EFF	PR	30	4	21	25
ClIr Myoli V N	DA	PR	30	5	19	24
ClIr Nageng B V	EFF	PR	30	4	13	17
ClIr Ngwenya G N	TCM	PR	30	4	13	17
ClIr Nhacuangue N	DA	PR	30	5	21	26
ClIr Nke H S R R	Arona	PR	30	4	16	20
ClIr Ngetse A	EFF	PR	16	1	7	8
ClIr Nkgweng G N	ANC	PR	30	5	17	22
ClIr Nortjie J J	DA	Ward 18	30	5	23	28
ClIr Notshaya N G	UDM	PR	30	3	14	17
ClIr Ntshabele K P	ANC	PR	0	0	0	0
ClIr Phalole M D	EFF	PR	30	4	21	25
ClIr Phiri K D	ANC	Ward 34	30	5	21	26
ClIr Phutu K K	ANC	Ward 29	30	5	21	26

Councillor	Political Representation	Ward or Proportional Representation	Total Number Council Meetings	Attendance of each Councillor		
				Ordinary	Special	Total meetings attended
ClIr Pooe M M	ACDP	PR	30	4	20	24
ClIr Pule E S T	ANC	Ward 07	30	3	21	24
ClIr Pule L J	ANC	PR	30	4	23	27
ClIr Pule T D	EFF	PR	16	2	12	14
ClIr Qobeka J	ANC	Ward 40	30	5	17	22
ClIr Ralokwakweng J O	EFF	PR	30	4	21	25
ClIr Rampou D T	ANC	Ward 21	30	5	24	29
ClIr Rootman A P	FF+	PR	30	4	19	23
ClIr Rothman T	DA	Ward 17	30	5	15	20
ClIr Salang J	ANC	Ward 32	30	4	20	24
ClIr Seleke A A	ANC	Ward 20	30	4	18	22
ClIr Sentsho S L	ANC	Ward 13	30	5	23	28
ClIr Serongoane P H	ANC	Ward 25	30	4	17	21
ClIr Serunye C K	ANC	Ward 36	30	5	15	20
ClIr Sethonga D M	ANC	Ward 01	30	4	20	24
ClIr Shomang V	ANC	Ward 31	30	5	16	21
ClIr Sikwane C K	EFF	PR	14	1	6	7
ClIr Snyders L B	DA	Ward 43	30	4	20	24
ClIr Tause S S	ANC	Ward 06	30	5	21	26
ClIr Vena E K	ANC	Ward 04	30	5	21	26
ClIr Xatasi N S	AIC	PR	30	5	20	25
ClIr Xhinela Z	ANC	Ward 41	30	5	20	25

Councillor	Political Representation	Ward or Proportional Representation	Total Number Council Meetings	Attendance of each Councillor		
				Ordinary	Special	Total meetings attended
ClIr Zimba K M	EFF	PR	30	3	18	21
ClIr Petlele S P	ANC	Ward 11	11	0	0	0
ClIr Lebelo S	ANC	PR	12	4	6	10
ClIr Nkgwang V K	EFF	PR	12	3	7	10
ClIr Majolo W	EFF		12	0	5	5
ClIr Manyaku E S	EFF		10	2	5	7
Councillor	Political Representation	Ward or Proportional Representation	Total Number Council Meetings	Attendance of each Councillor		
				Ordinary	Special	Total meetings attended
ClIr Bossau A A	FF+	PR	30	5	19	24
ClIr Bridger A T	DA	PR	30	5	19	24
ClIr Coetzee M	DA	PR	30	5	22	27
ClIr Cronje J C	DA	Ward 16	30	4	18	22
ClIr Diale B K	EFF		13	1	8	9
ClIr De Beer J M	FF+	PR	30	5	21	26
ClIr Du Plessis G	DA	Ward 14	30	5	21	26
ClIr Dumani M C	ANC	Ward 37	30	5	18	23
ClIr Edwards I	DA	Ward 15	30	5	23	28
ClIr Fulani W	ANC	Ward 28	30	5	19	24
ClIr Gaonakala M I	ANC	PR	30	5	18	23

Councillor	Political Representation	Ward or Proportional Representation	Total Number Council Meetings	Attendance of each Councillor		
				Ordinary	Special	Total meetings attended
ClIr Grove A S	DA	Ward 42	30	4	17	21
ClIr Gumede J S	TCM	PR	30	5	17	22
ClIr Keyser J	DA	PR	30	5	21	26
ClIr Kgotse P C	TCM	PR	30	5	22	27
ClIr Khoeli L	Ind	Ward 33	30	5	20	25
ClIr Kombe O J	BCM	PR	30	5	18	23
ClIr Kotu M	TCM	PR	16	2	13	15
ClIr Langeni E	ANC	Ward 02	30	5	20	25
ClIr Lebethe POL	EFF	PR	30	5	15	20
ClIr Letlape M S	EFF	PR	30	4	14	18
ClIr Mabale-Huma S S K	ANC	PR	30	5	24	29
ClIr Mabe L L	ANC	PR	30	5	22	27
ClIr Macone I S	ANC	Ward 44	30	5	15	20
ClIr Makhuto A	ANC	Ward 22	30	5	19	24
ClIr Malan P A	DA	PR	30	4	21	25
ClIr Malinga M	ANC	Ward 09	30	1	14	15
ClIr Marekoa B B	ANC	PR	30	5	17	22
ClIr Mashiakgomo K D	EFF	PR	30	3	21	24
ClIr Matjene T E	TCM	PR	30	5	19	24
ClIr Melanzi J Z	F4SD	PR	30	5	17	22
ClIr Mkhohwa S P	ANC	Ward 35	30	5	21	26
ClIr Mmapitsa O C	ANC	Ward 26	30	5	19	24

Councillor	Political Representation	Ward or Proportional Representation	Total Number Council Meetings	Attendance of each Councillor		
				Ordinary	Special	Total meetings attended
ClIr Moatshe F S	ANC	Ward 10	30	4	17	21
ClIr Moduke T O	ANC	Ward 08	30	5	22	27
ClIr Mogomotsi K	ANC	PR	30	5	23	28
ClIr Mogwera J G	EFF	PR	30	4	19	23
ClIr Mokapi C T	TCM	Ward 23	30	5	16	21
ClIr Mokgatle O J	TCM	PR	30	5	18	23
ClIr Mokgosi T C	EFF	PR	30	4	21	25
ClIr Molatlhegi P R	EFF	PR	3	0	3	3
ClIr Monaise K L	EFF	PR	30	4	20	24
ClIr Mooketsi T Z	ANC	Ward 30	30	5	10	15
ClIr Morapedi M P	ANC	Ward 45	30	5	21	26
ClIr Morei K B	ANC	Ward 27	30	5	19	24
ClIr Moreki B I	ANC	Ward 05	30	5	18	23
ClIr Mosete M E E	ANC	Ward 38	30	4	16	20
ClIr Mosito A M	ANC	Ward 39	30	3	16	19
ClIr Motlhamme G S	EFF	Ward 24	30	2	18	20
ClIr Motshegwe S M	ANC	Ward 12	30	5	23	28
ClIr Mpele J B	ANC	Ward 19	30	5	20	25
ClIr Mputle V	ANC	Ward 03	30	5	22	27
ClIr Mtoto M	EFF	PR	30	4	21	25
ClIr Myoli V N	DA	PR	30	5	19	24
ClIr Nageng B V	EFF	PR	30	4	13	17

Councillor	Political Representation	Ward or Proportional Representation	Total Number Council Meetings	Attendance of each Councillor		
				Ordinary	Special	Total meetings attended
ClIr Ngwenya G N	TCM	PR	30	4	13	17
ClIr Nhacuangue N	DA	PR	30	5	21	26
ClIr Nke H S R R	Arona	PR	30	4	16	20
ClIr Ngetse A	EFF	PR	16	1	7	8
ClIr Nkgweng G N	ANC	PR	30	5	17	22
ClIr Nortjie J J	DA	Ward 18	30	5	23	28
ClIr Notshaya N G	UDM	PR	30	3	14	17
ClIr Ntshabele K P	ANC	PR	0	0	0	0
ClIr Phalole M D	EFF	PR	30	4	21	25
ClIr Phiri K D	ANC	Ward 34	30	5	21	26
ClIr Phutu K K	ANC	Ward 29	30	5	21	26
ClIr Pooe M M	ACDP	PR	30	4	20	24
ClIr Pule E S T	ANC	Ward 07	30	3	21	24
ClIr Pule L J	ANC	PR	30	4	23	27
ClIr Pule T D	EFF	PR	16	2	12	14
ClIr Qobeka J	ANC	Ward 40	30	5	17	22
ClIr Ralokwakweng J O	EFF	PR	30	4	21	25
ClIr Rampou D T	ANC	Ward 21	30	5	24	29
ClIr Rootman A P	FF+	PR	30	4	19	23
ClIr Rothman T	DA	Ward 17	30	5	15	20
ClIr Salang J	ANC	Ward 32	30	4	20	24
ClIr Seleke A A	ANC	Ward 20	30	4	18	22

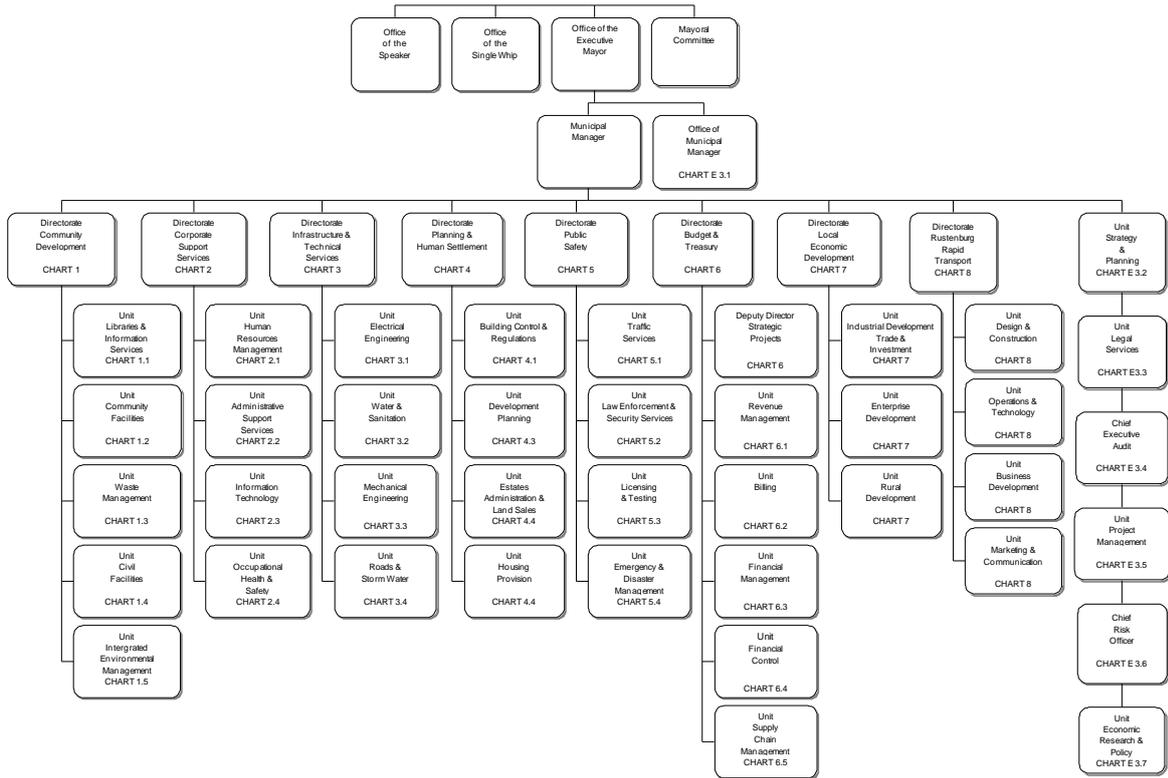
Councillor	Political Representation	Ward or Proportional Representation	Total Number Council Meetings	Attendance of each Councillor		
				Ordinary	Special	Total meetings attended
ClIr Sentsho S L	ANC	Ward 13	30	5	23	28
ClIr Serongoane P H	ANC	Ward 25	30	4	17	21
ClIr Serunye C K	ANC	Ward 36	30	5	15	20
ClIr Sethonga D M	ANC	Ward 01	30	4	20	24
ClIr Shomang V	ANC	Ward 31	30	5	16	21
ClIr Sikwane C K	EFF	PR	14	1	6	7
ClIr Snyders L B	DA	Ward 43	30	4	20	24
ClIr Tause S S	ANC	Ward 06	30	5	21	26
ClIr Vena E K	ANC	Ward 04	30	5	21	26
ClIr Xatasi N S	AIC	PR	30	5	20	25
ClIr Xhinela Z	ANC	Ward 41	30	5	20	25
ClIr Zimba K M	EFF	PR	30	3	18	21
ClIr Petlele S P	ANC	Ward 11	11	0	0	0
ClIr Lebelo S	ANC	PR	12	4	6	10
ClIr Nkgwang V K	EFF	PR	12	3	7	10
ClIr Majolo W	EFF		12	0	5	5
ClIr Manyaku E S	EFF		10	2	5	7

APPENDIX B: COMMITTEES AND COMMITTEE PURPOSE

Section 79 Committees		
No.	Name of Committee	Purpose of Committee
1.	Rules of Order	To regulate the internal arrangements, business and proceedings, establishment, composition, procedure, powers and functions of its Council and Committees and to provide for matters incidental thereto.
2.	Performance Audit Committee	To advise and assist Council, Management and Internal Audit on improving the quality of accounting and internal control functions and to strengthen the credibility of financial reporting
3.	Local Labour Forum	To provide a framework within which employees and their trade unions, employers and employer's organisations can collectively bargain to determine wages, terms and conditions of employment and other matters of mutual interest
4.	Municipal Public Accounts Committee	To provide oversight over the executive obligations of Council and administration
5.	Municipal Planning Tribunal	To provide oversight on land use amendment applications that has been submitted, this is in terms of the Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013).
6.	Mayoral Committee	To assist the Executive Mayor in executing his/her functions. The Executive Mayor is the chairperson of the Mayoral Committee.
Section 80 Committees		
No.	Name of Committee	Purpose of Committee
1.	Budget & Treasury	Provide portfolio responsibilities on issues of income, expenditure, budgeting, risk management and auditing
2.	Corporate Support Services	Provide portfolio responsibilities on issues of human resources, administration and information and technology
3.	Community Development	Provide portfolio responsibilities on issues of health services, community facilities and library and information management.
4.	Technical and Infrastructure Services	Provide portfolio responsibilities on issues of electricity, water and sanitation, waste management, roads and storm water and mechanical engineering

5.	IDP, Performance Management, legal & valuation	Provide portfolio responsibilities on issues of IDP; Performance management, legal and valuation and internal auditing
6.	Local Economic Development	Provide portfolio responsibilities on issues of enterprise development, SMME support, industrial development/manufacturing, LED projects, arts, culture and heritage development, tourism development and marketing, agriculture and rural development and research and development
7.	Planning, Human Settlement & Transport	Provide portfolio responsibilities on issues of environmental management, Housing provision, building control, development planning and estates administration.
8.	Public Safety	Provide portfolio responsibilities on issues of emergency, disaster management, road traffic management and by-law enforcement.
9.	IGR, Youth, Children and People living with Disability	Provide portfolio responsibilities on issues of Inter-Governmental Relations, Youth, Children and People Living with Disabilities.
10.	Roads and Transport Services	Provide portfolio responsibilities on issues of Road Transport service
11.	IDP & Budget Steering Committee	Provide oversight responsibilities on issue on IDP and Municipal financial management

APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE (INCLUDING MUNICIPAL ENTITY)



APPENDIX D: POWERS AND FUNCTIONS ALLOCATED TO THE MUNICIPALITY

POWERS AND FUNCTIONS	DESCRIPTION	Performed/ Not Performed
Air Pollution	Management of the air quality that affects human health.	P
Building Regulations	Regulations through by-laws that provide for approval of building plans, building inspections and control of operations and enforcement of contraventions of building regulations.	P
Child Care Facilities	Facilities for early childhood care and development which fall outside the competence of national and provincial government.	NP
Electricity Reticulation	Bulk supply of electricity which includes for the purposes of supply, transmission, distribution and where applicable generation of electricity to areas where the municipality has been providing these services prior to authorisation.	P
Fire Fighting Services	Planning, coordination and regulation of fire services.	P
Local Tourism	Promotion, marketing and development of tourist attraction within the municipal area in order to grow the local economy.	P
Municipal Airport	A demarcated area on land or water or a building which is used for the arrival or departure of aircraft.	NP
Municipal Planning	Compilation and implementation of integrated development plan.	P
Municipal Public Transport (only with regard to taxis)	The regulation and control of services for the carriage of passengers.	P
Storm Water Management Systems	Management of systems to deal with storm water in built-up areas	P
Trading Regulations	Regulation of any area or facility dealing with trade in goods or services.	P
Water	Establishment, operation, management and regulation of a portable water supply system, including the services and infrastructure required.	P

POWERS AND FUNCTIONS	DESCRIPTION	Performed/ Not Performed
Sanitation	Establishment, operation, management and regulation of a potable water supply system, including the services and infrastructure required.	P
Amusement Facilities	Management and control of a public places for entertainment.	NP
Billboards and Display of Advertisement in Public Places	Display of written or visual descriptive material which promotes the sale and encourages the use of goods and services found in streets, roads, etc.	P
Cemeteries, Funeral Parlours and Crematoria	Establishment, conduct and control of facilities for the purpose of disposing of human and animal remains.	P
Control of Public Nuisance	Cleaning of public streets, roads, and other public spaces.	P
Control of Undertakings that sell Liquor to the Public	Includes inspection service to monitor liquor outlets for compliance to license requirements.	NP
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

POWERS AND FUNCTIONS	DESCRIPTION	Performed/ Not Performed
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 (OFFICE OF THE SPEAKER)

WARD COMMITTEES' ROLES AND FUNCTIONS

From a broader view of community participation, the legislation on local government set clear mechanisms 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 mechanisms to consult and involve communities in the affairs of the municipality and its processes.

Municipalities are obliged to develop a 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 the ward committee is an area-based committee whose boundaries coincide with the boundaries. Ward committee resource book (2005:20) provide this information of a particular ward:

Are made up of representatives of a particular ward

Are made up of members who represent various interests within a ward

Are chaired by the Ward Councillor

Give the community members the opportunity to express their needs, opinions on issues that affect their lives and to have them heard at the municipal level via ward councillor.

Are advisory bodies created within the sphere of the community to assist the ward in carrying out his or her mandate in the most democratic manner.

CHALLENGES EXPERIENCED AND MEASURES TAKEN TO ADDRESS THEM

Ward	Challenges	Remedial Measures
1 – 45	In most wards the Ward committee system is politicised.	Trainings were proposed to induct members of the ward committees on their roles and responsibilities and to remain apolitical as per the guidelines of the ward committee policy as amended and the Municipal Systems Act.

Ward	Challenges	Remedial Measures
	Members of the Ward committees alleged to be participating in unlawful activities, which includes inter alia land grab and selling of municipal stands.	The Office of the Speaker has on a number of occasions tried to intervene on this issue, which is why we amended the Ward Committee Policy
	Lack of proper reporting methods on service delivery related issues	We implemented a reporting system, which is linked to the call center. Once the matter is reported, the client gets a reference number in order to track progress

APPENDIX F: MANAGEMENT OF WARD COMMITTEES

NUMBER OF FUNCTIONAL WARD COMMITTEES	NUMBER OF MONTHLY MEETINGS CONDUCTED	NUMBER OF RECOMMENDATIONS MADE TO COUNCIL	NUMBER OF FEEDBACK SESSIONS
44	528	0	0

WARD COMMITTEE FORUMS

DATE OF FORUM	DISCUSSION ITEMS	RESOLUTIONS TAKEN
None held due to Covid 19 restrictions	None	None

INTERACTION WITH HOUSE OF TRADITIONAL LEADERS

NAME OF TRADITIONAL AUTHORITY	DATE OF MEETING	DISCUSSION ITEMS	RESOLUTIONS TAKEN
0	0	0	0

WARD COUNCILLORS AND WARD COMMITTEES TRAINING

TYPE OF TRAINING PROVIDED	DATE OF TRAINING	DATE COMPLETED
None	None	None

APPENDIX G: REPORT AND RECOMMENDATIONS OF THE PERFORMANCE AUDIT COMMITTEE (PAC) ON RUSTENBURG LOCAL MUNICIPALITY AND THE RUSTENBURG WATER SERVICES TRUST

Refer to the next page.

APPENDIX G: REPORT AND RECOMMENDATIONS OF THE PERFORMANCE AUDIT COMMITTEE FOR THE RUSTENBURG LOCAL MUNICIPALITY (RLM)

REPORT OF THE PERFORMANCE AUDIT COMMITTEE ON RUSTENBURG LOCAL MUNICIPALITY (RLM) FOR THE YEAR ENDED 30 JUNE 2023.

1. LEGISLATIVE REQUIREMENTS

The purpose of this report is to communicate to the council the Performance Audit Committee's progress to date in carrying out its oversight responsibilities in terms of section 166 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003, as amended) (MFMA), read with circular 65 published by the National Treasury for the year ended 30 June 2023.

The MFMA obliges every municipality to establish an independent audit committee, which must advise the municipal council, political office-bearers, accounting officer and management staff of the municipality as well as the accounting officer and the management staff of the municipal entity, on matters relating to internal financial controls and internal audits, risk management, accounting policies, the adequacy, reliability and accuracy of financial reporting and information, performance management, effective governance, compliance with the MFMA, the annual Division of Revenue Act (DoRA) and any other applicable legislation, and any other issues referred to it by the municipality.

The Performance Audit Committee is governed by the Charter (formal terms of reference), which are regularly reviewed and approved by the council. The committee is pleased to present its report for the financial year ended 30 June 2023.

2. PERFORMANCE AUDIT COMMITTEE STRUCTURE

The Performance Audit Committee was established in accordance with section 166 of the MFMA read with MFMA Circular 65 issued by the National Treasury. The committee charter requires that the audit committee comprises of five (5) independent members.

During the year under review Performance Audit Committee had three (3) members with two (2) vacancies and reports directly to Council. The two (2) vacancies did not affect the functioning and fulfilment of the mandate of the committee and its legislative responsibilities.

APPENDIX G: REPORT AND RECOMMENDATIONS OF THE PERFORMANCE AUDIT COMMITTEE FOR THE RUSTENBURG LOCAL MUNICIPALITY (RLM)

Attendance of meeting was as follows during the financial year under review (2022/23):

No.	Initials and Surname	Position	Ordinary meetings scheduled & attended	Special meetings scheduled & attended
1.	SAB Ngobeni	Chair	6/6	2/2
2.	L Moyo	Member	6/6	2/2
3.	J Lesolang	Member	6/6	2/2

The members of the audit committee held meetings with the municipal manager as the accounting officer, senior management of the municipality, the internal audit function and the external auditors, collectively and individually, on matters related to governance, internal control and risk in the municipality, throughout the reporting period. The committee also held a meeting with the executive mayor of the council to report on governance, internal control, risk, performance and financial information and other relevant matters concerning the municipality.

3. PERFORMANCE AUDIT COMMITTEE RESPONSIBILITY

The Performance Audit Committee reports that it has complied with its responsibilities arising from Section 121, 166, 165 of the Municipal Finance Management Act, Treasury Regulation 3.1.13, MFMA Circular 65 and reports that it operated in terms of the audit committee charter read in conjunction with the internal audit charter.

Stakeholder Engagement/s

The committee has been able to engage with the following stakeholders:

- National Treasury
- Provincial Treasury
- North West AGSA

APPENDIX G: REPORT AND RECOMMENDATIONS OF THE PERFORMANCE AUDIT COMMITTEE FOR THE RUSTENBURG LOCAL MUNICIPALITY (RLM)

2.1 The Effectiveness of Internal Control

The audit committee is concerned that in certain instances the matters reported by the internal audit function and external auditors in prior years have not been fully and satisfactorily addressed. Management has given assurance that effective corrective action will be implemented in respect of all internal control weaknesses, and the audit committee will monitor these going forward.

Internal controls of the municipality are partially effective, and several material internal control breaches come to the attention of the Committee i.e. lack of effective performance management, non-compliance, lack of record management system and inadequate reporting. Internal and external audit findings were not urgently responded to by management which has a negative impact on the municipal control environment.

Based on the results of the formal documented review of the design, implementation and effectiveness of the municipality's system of internal controls conducted by the internal audit and AGSA during the financial year ended 30 June 2023, and in addition, considering information and explanations given by management plus discussions held with the external auditor on the results of their audit, the Performance Audit Committee concluded that the municipality's system of internal financial controls is partial effective and several material internal control breaches come to the Committee's attention.

The vacancies of senior management positions undermine the effective functioning of the system of internal control and it is imperative that management reviews its recruitment procedures and processes to ensure that senior management vacancies are filled expeditiously with properly qualified, skilled and experience personnel in compliance with the legislative requirements.

APPENDIX G: REPORT AND RECOMMENDATIONS OF THE PERFORMANCE AUDIT COMMITTEE FOR THE RUSTENBURG LOCAL MUNICIPALITY (RLM)

2.2 The quality of monthly and quarterly reports submitted in terms of the MFMA

The Performance Audit Committee is not fully satisfied with the content and quality of monthly and quarterly reports prepared and issued in compliance with the statutory framework. The committee has engaged with management to remedy shortcomings, especially relating to the reports on performance against predetermined objectives. Furthermore, the committee has recommended that specific process be implemented to ensure that the information reported is both useful and reliable in terms of the applicable reporting framework.

The committee has recommended that the municipality prepare interim financial statements that comply with Standards of Generally Recognised Accounting Practice (GRAP), which would assist in performing reconciliations timeously as well as in eliminating year-end adjustments.

The Performance Audit Committee has reviewed and commented on the municipality's and entity's annual financial statements and report on performance information and their timely submission to the external auditors by 31 August and consolidated on 30 September 2023.

2.3 Internal Audit function

The accounting officer is obliged, in terms of section 165 of the MFMA, to ensure that the entity has a system of internal audit under the control and direction of the audit committee. The Performance Audit Committee is satisfied that the internal audit function has properly discharged its functions and responsibilities during the year under review.

The Performance Audit Committee:

- Reviewed and approved the annual Internal Audit plans and evaluated the independence, effectiveness and performance of the internal audit function;
- Considered the reports of the Internal Auditors on the municipality's systems of internal control;
- Reviewed issues raised by internal audit and the adequacy of corrective action taken by management in response thereto;

APPENDIX G: REPORT AND RECOMMENDATIONS OF THE PERFORMANCE AUDIT COMMITTEE FOR THE RUSTENBURG LOCAL MUNICIPALITY (RLM)

Internal audit performed 17 of the 17 planned engagements based on the approved risk-based audit plan. The capacity of internal audit function has to be enhanced by reviewing the current organisational structure in consideration with the size of the municipality including the municipal entity (Rustenburg Water Services Trust - RWST) and internal controls challenges. The reviewed organisational structure will assist the internal audit function by getting the necessary skills and agility required for the function to respond quickly and effectively to the demands for internal audit across the various directorates of the municipality and the municipal entity (RWST).

A consideration of budget allocation of at least 1% of the overall budget to internal audit, which is in line with the standard general practice in the industry. Furthermore, this will assist with sufficient allocation of budget for the IT Audits, Performance Audits – Three E's (Value for Money – Efficiency, Effective and Economical) Audit, Environmental Audits, Special Investigations, Forensic Investigations and / or any other specialised audit.

2.4 Risk Management function

The Performance Audit Committee reviewed the municipality's policies on risk management and strategy ((including Information and Communication Technology (ICT) Governance)) and monitored the implementation of risk management policy and strategy and concluded that the municipality's risk management maturity level is not satisfactory. The committee is concerned that with the risk function being understaffed, which will result in non-delivery by the function if the situation is not addressed.

Supply Chain Management is a high-risk area of the municipality and some of the non-compliances are emanating from there. Increasing use of deviations from normal supply chain management processes when procuring goods and services which were not meeting the requirements of the applicable legislation is a major concern to the committee.

The committee remains concerned that not all ICT and financial risks are being addressed or mitigated in implementing new systems which is emanating from the monitoring of the risk register and progress reports on the respective action plans.

APPENDIX G: REPORT AND RECOMMENDATIONS OF THE PERFORMANCE AUDIT COMMITTEE FOR THE RUSTENBURG LOCAL MUNICIPALITY (RLM)

The committee is urging management to adopt an aggressive anti-corruption measures to curb and prevent possible fraud and corruption. There is a need to develop and / or review a detailed fraud prevention plan and progress reports on the action plans for addressing the fraud risks.

The committee was responsible for the oversight of the risk management. The risk management committee reported to the committee on quarterly basis.

2.5 In-Year Management and Monthly / Quarterly Report

The quarterly review of in-year monitoring systems and reports, the Performance Audit Committee is still not satisfactory with the quality, accuracy, usefulness, reliability, appropriateness, and adequacy of the municipality in-year reporting systems. Lack of improvement of the year-end reporting led to adjustment of the Annual Financial Statements and the Annual Performance Report after submission to the AGSA.

2.6 Performance Management System

The committee is emphasising to the Accounting Officer to that there is a need for proper action plan to for the municipality to improve the opinion on the Performance management and reported performance against the predetermined objectives. The municipality is not progressing in this area and the performance management system remain inadequate especially in areas of evaluation and monitoring of service provider performance (together with lack of effective contract management of contractors) and timeous performance assessment of senior managers. Furthermore, the municipality still to cascade down performance management to staff at lower levels.

The reported performance by the municipality must be agreed to the supporting documentation provide. The formulation of the Key Performance Indicators (KPIs) to be done before the start of the financial year (predetermined – setting target before not during and / or at the end of the financial year) and must be Specific Measurable Achievable Realistic Timebound (SMART).

APPENDIX G: REPORT AND RECOMMENDATIONS OF THE PERFORMANCE AUDIT COMMITTEE FOR THE RUSTENBURG LOCAL MUNICIPALITY (RLM)

2.7 Evaluation of the finance function

The Chief Financial Officer resigned on 31 August 2022 and the position has not been filled who is the head of the Directorate Budget and Treasury Office (finance function). There has been an Acting Chief Financial Officer for the rest of the financial year 2022/23. The Directorate Budget and Treasury Office (finance function) is negatively affected in terms of optimal performance at its capacity with the vacancy that existed in leadership. The absence of the Chief Financial Officer had a huge strain on the finance function to deliver quality information on a timely basis.

The committee is not satisfied with the Directorate Budget and Treasury Office function during the year under review.

2.8 Business Continuity Management

The Performance Audit Committee noted that there was no progress on the development and implementation of the Business Continuity Management and Disaster Recovery Plan. This is of critical importance as this will assist the Municipality's resilience to the risk of disruptions to business processes.

2.9 Combined assurance

The Performance Audit Committee reviewed the plans and reports of the external and internal auditors and other assurance providers including management and concluded that these were not adequate to address all significant risks facing the municipality.

2.10 Prohibited Expenditures (Irregular, Fruitless and Wasteful Expenditure)

The Performance Audit Committee noted that there is no progress in preventing and reducing Irregular, Fruitless and Wasteful expenditure for the financial year under review. The reduction plan be developed and implemented speedily to ensure that there is movement in line with

APPENDIX G: REPORT AND RECOMMENDATIONS OF THE PERFORMANCE AUDIT COMMITTEE FOR THE RUSTENBURG LOCAL MUNICIPALITY (RLM)

section 32 of the MFMA. The vacant position of the Accounting Officer led to minimal implementation of adequate controls to prevent the prohibited expenditures.

2.11 Consequence Management

The Performance Audit Committee recommends that an urgent action be implemented on non-compliance with legal prescripts and the resultant irregular expenditure and fruitless and wasteful expenditure. The culture of no consequence management is what has led to lack of controls and the increase of irregular, fruitless and wasteful expenditure and non-delivery of services to communities.

2.12 Compliance with the relevant laws and regulations

The Performance Audit Committee considered reports provided by management, internal assurance providers and the independent auditors regarding compliance with legal and regulatory requirements and concluded that the municipality did not fully comply with the enabling laws and regulations as well as its municipality policies and standard operating procedures, especially in the areas of addressing the irregular and fruitless expenditure, quality of annual financial statement and supply chain management (including expenditure management).

2.13 Material Irregularities

The committee is concerned that the external auditor has issued Material Irregularities (MI) in the two financial years (2022/23 = 3 and 2021/22 = 3) and there is less progress in ensuring that there are no MIs issued against the municipality. There is one MI that is resolved during the year under review. The progress of the MI will be monitored on regular basis.

2.14 Evaluation of Annual Financial Statements

Following the review by the Performance Audit Committee of the draft annual financial statements for the year ended 30 June 2023 before and after the audit, the committee is of the view that, annual financial statements can be incorporated into the annual report.

APPENDIX G: REPORT AND RECOMMENDATIONS OF THE PERFORMANCE AUDIT COMMITTEE FOR THE RUSTENBURG LOCAL MUNICIPALITY (RLM)

2.15 Evaluation of Annual Performance Report

Following the review by the Performance Audit Committee of the annual performance report for the year ended 30 June 2023 before and after the audit, the committee is of the view that draft annual performance report can be incorporated into the annual report.

2.16 Consideration of the Final Audit report (External auditor's report)

The Performance Audit Committee considered final audit report and concurred with the AGSA's qualified audit opinion. Furthermore, the Performance Audit Committee commended the municipality for maintaining the qualified audit opinion. The committee recommended that management's corrective action to address the findings of the external auditors should be detailed and include a root cause analysis to the findings. The PAC will monitor these on quarterly basis.

The committee confirms that it has been involved throughout the audit process and has been thoroughly appraised of the issues giving rise to the audit opinion.



SAB Ngobeni

Chairperson of the Performance Audit Committee

Date 11 January 2024

APPENDIX G: REPORT AND RECOMMENDATIONS OF THE PERFORMANCE AUDIT COMMITTEE FOR THE RUSTENBURG WATER SERVICES TRUST (RWST)

REPORT OF THE PERFORMANCE AUDIT COMMITTEE ON RUSTENBURG WATER SERVICES TRUST (RWST) FOR THE YEAR ENDED 30 JUNE 2023.

1. LEGISLATIVE REQUIREMENTS

The purpose of this report is to communicate to the council the Performance Audit Committee's progress to date in carrying out its oversight responsibilities in terms of section 166 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003, as amended) (MFMA), read with circular 65 published by the National Treasury for the year ended 30 June 2023.

The MFMA obliges every municipality to establish an independent audit committee, which must advise the municipal council, political office-bearers, accounting officer and management staff of the municipality as well as the accounting officer and the management staff of the municipal entity, on matters relating to internal financial controls and internal audits, risk management, accounting policies, the adequacy, reliability and accuracy of financial reporting and information, performance management, effective governance, compliance with the MFMA, the annual Division of Revenue Act (DoRA) and any other applicable legislation, and any other issues referred to it by the RWST.

The Performance Audit Committee is governed by the Charter (formal terms of reference), which are regularly reviewed and approved by the council. The committee is pleased to present its report for the financial year ended 30 June 2023.

2. PERFORMANCE AUDIT COMMITTEE STRUCTURE

The Performance Audit Committee was established in accordance with section 166 of the MFMA read with MFMA Circular 65 issued by the National Treasury. The committee charter requires that the audit committee comprises of five (5) independent members.

During the year under review Performance Audit Committee had three (3) members with two (2) vacancies and reports directly to Council. The two (2) vacancies did not affect the functioning and fulfilment of the mandate of the committee and its legislative responsibilities.

APPENDIX G: REPORT AND RECOMMENDATIONS OF THE PERFORMANCE AUDIT COMMITTEE FOR THE RUSTENBURG WATER SERVICES TRUST (RWST)

Attendance of meeting was as follows during the financial year under review (2022/23):

No.	Initials and Surname	Position	Ordinary meetings scheduled & attended	Special meetings scheduled & attended
1.	SAB Ngobeni	Chair	5/5	2/2
2.	L Moyo	Member	5/5	2/2
3.	J Lesolang	Member	5/5	2/2

The members of the audit committee held meetings with the Rustenburg Water Services Trust (RWST) Administration, the internal audit function and the external auditors, collectively and individually, on matters related to governance, internal control and risk in the trust, throughout the reporting period. The committee also held a meeting with the executive mayor of the council to report on governance, internal control, risk, performance and financial information and other relevant matters concerning the RWST.

3. PERFORMANCE AUDIT COMMITTEE RESPONSIBILITY

The Performance Audit Committee reports that it has complied with its responsibilities arising from Section 121, 166, 165 of the Municipal Finance Management Act, Treasury Regulation 3.1.13, MFMA Circular 65 and reports that it operated in terms of the audit committee charter read in conjunction with the internal audit charter.

Stakeholder Engagement/s

The committee has been able to engage with the following stakeholders:

- National Treasury
- Provincial Treasury
- North West AGSA

2.1 The Effectiveness of Internal Control

The audit committee is concerned that there is no appointed RWST Administration (Trust Administrator and / or Chief Executive Officer, Chief Financial Officer, etc) appointed to manage the trust.

APPENDIX G: REPORT AND RECOMMENDATIONS OF THE PERFORMANCE AUDIT COMMITTEE FOR THE RUSTENBURG WATER SERVICES TRUST (RWST)

These vacancies undermine the effective functioning of the system of internal control and it is imperative that Council and RWST Board of Trustees reviews its recruitment procedures and processes to ensure that vacancies are filled expeditiously with properly qualified, skilled and experience personnel in compliance with the legislative requirements.

2.2 The quality of monthly and quarterly reports submitted in terms of the MFMA

The Performance Audit Committee is partially satisfied with the content and quality of monthly and quarterly reports prepared and issued in compliance with the statutory framework. The committee has engaged with management to remedy shortcomings, especially relating to the reports on performance against predetermined objectives. Furthermore, the committee has recommended that specific process be implemented to ensure that the information reported is both useful and reliable in terms of the applicable reporting framework.

The Performance Audit Committee has reviewed and commented on the entity's annual financial statements and report on performance information and their timely submission to the external auditors by 31 August and consolidated on 30 September 2023.

2.3 Internal Audit function

The accounting officer is obliged, in terms of section 165 of the MFMA, to ensure that the entity has a system of internal audit under the control and direction of the audit committee. The Performance Audit Committee is satisfied that the internal audit function has properly discharged its functions and responsibilities during the year under review.

The Performance Audit Committee:

- Reviewed and approved the annual Internal Audit plans and evaluated the independence, effectiveness and performance of the internal audit function.
- Considered the reports of the Internal Auditors on the trust's systems of internal control.
- Reviewed issues raised by internal audit and the adequacy of corrective action taken by management in response thereto;

APPENDIX G: REPORT AND RECOMMENDATIONS OF THE PERFORMANCE AUDIT COMMITTEE FOR THE RUSTENBURG WATER SERVICES TRUST (RWST)

Internal audit performed 10 of the 10 planned engagements based on the approved risk-based audit plan.

2.4 Risk Management function

The Performance Audit Committee reviewed the RWST's policies on risk management and strategy ((including Information and Communication Technology (ICT) Governance)) and monitored the implementation of risk management policy and strategy and concluded that the RWST's risk management maturity level is improving.

2.5 In-Year Management and Monthly / Quarterly Report

The quarterly review of in-year monitoring systems and reports, the Performance Audit Committee is still not satisfactory with the quality, accuracy, usefulness, reliability, appropriateness, and adequacy of the RWST in-year reporting systems. Lack of improvement of the year-end reporting led to adjustment of the Annual Financial Statements and the Annual Performance Report after submission to the AGSA.

2.6 Performance Management System

The committee is emphasising that there is a need for proper action plan to for the RWST on the Performance management and reported performance against the predetermined objectives. The reported performance by the RWST must be agreed to the supporting documentation provide. The formulation of the Key Performance Indicators (KPIs) to be done before the start of the financial year (predetermined – setting target before not during and / or at the end of the financial year) and must be Specific Measurable Achievable Realistic Timebound (SMART).

2.7 Business Continuity Management

The Performance Audit Committee noted that there was no progress on the development and implementation of the Business Continuity Management and Disaster Recovery Plan. This is of critical importance as this will assist the RWST's resilience to the risk of disruptions to business processes.

APPENDIX G: REPORT AND RECOMMENDATIONS OF THE PERFORMANCE AUDIT COMMITTEE FOR THE RUSTENBURG WATER SERVICES TRUST (RWST)

2.8 Combined assurance

The Performance Audit Committee reviewed the plans and reports of the external and internal auditors and other assurance providers including management and concluded that these were not adequate to address all significant risks facing the trust.

2.9 Compliance with the relevant laws and regulations

The Performance Audit Committee considered reports provided by Administration of the RWST, internal assurance providers and the independent auditors regarding compliance with legal and regulatory requirements and concluded that the RWST did not fully comply with the enabling laws and regulations as well as its policies and standard operating procedures, especially in the areas of addressing the irregular and fruitless expenditure, quality of annual financial statement and supply chain management (including expenditure management).

2.10 Evaluation of Annual Financial Statements

Following the review by the Performance Audit Committee of the draft annual financial statements for the year ended 30 June 2023 before and after the audit, the committee is of the view that, annual financial statements can be incorporated into the annual report.

2.11 Evaluation of Annual Performance Report

Following the review by the Performance Audit Committee of the annual performance report for the year ended 30 June 2023 before and after the audit, the committee is of the view that, draft annual performance report can be incorporated into the annual report.

APPENDIX G: REPORT AND RECOMMENDATIONS OF THE PERFORMANCE AUDIT COMMITTEE FOR THE RUSTENBURG WATER SERVICES TRUST (RWST)

2.12 Consideration of the Final Audit report (External auditor's report)

The Performance Audit Committee considered final audit report and concurred with the AGSA's qualified audit opinion. Furthermore, the Performance Audit Committee commended the RWST for maintaining the qualified audit opinion. The committee recommended that RWST Administration's corrective action to address the findings of the external auditors should be detailed and include a root cause analysis to the findings. The PAC will monitor these on quarterly basis.

The committee confirms that it has been involved throughout the audit process and has been thoroughly appraised of the issues giving rise to the audit opinion.



SAB Ngobeni

Chairperson of the Performance Audit Committee

Date 11 January 2024

APPENDIX H: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS (LEGAL)

PRIVATE PUBLIC PARTNERSHIP

No	Responsible Directorate and Units	Service Provider	Description	Bid/Contract No.	Commencement Date	Expiry Date	Period	Contract Value.
1	Local Economic Development	Tulanie Trust T/A Omaramba Vakansie-Oord En Konferensie Sentrum & Rustenburg Kloof Resort Cc	Management And Maintenance Agreement	N/A	2004/12/24	2024/12/24	240 months	5% of monthly turnover

RUSTENBURG WATER SERVICES TRUST

P No	Responsible Directorates And Units	Service Provider	Description	Bid /Contract No.	Commencement Date	Expiry Date	Period	Contract Value.
1	Water & Sanitation	Rustenburg Water Services Trust	Bulk Water Supply And Water Treatment	N/A	2003.10.27	2018.10.27 (Extended)	15 YEARS	Per rate

APPENDIX I: MUNICIPAL ENTITY/SERVICE PROVIDER PERFORMANCE SCHEDULE

Addressed with Section 46 Report paragraph 3.25.13

APPENDIX J: DISCLOSURE OF FINANCIAL INTEREST (SENIOR MANAGERS)

NAME	DIRECTORATE	DIVISION	POSITION	PERSONAL	DISCLOSURE	1	2	3	4	5	6	7	8	9
				INFO FORM	OF BENEFITS	Shares	Direct orship	Interest in any Trust	Member of Close Corp.	Other Financial Int.	Consultancies Retainerships	Sponsorships	Gifts	Interest in Land/pr operty
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
Mahapela P	Corporate Support Services	Corporate Support Services	Acting Director: Corporate Support Services	X	X	-	-	-	-	-	-	-	-	X
Ditsele GG	Budget and Treasury	Budget and Treasury	Chief Financial Officer	X	X	x	-	-	-	-	-	-	-	X

NAME	DIRECTORATE	DIVISION	POSITION	PERSONAL	DISCLOSURE	1	2	3	4	5	6	7	8	9
				INFO FORM	OF BENEFITS	Shares	Direct orship	Interest in any Trust	Member of Close Corp.	Other Financial Int.	Consultancie s Retainership s	Spons orship s	Gifts	Interest in Land/pr operty
Moleele OM	Roads and Transport	Roads and Transport	Acting Director: Roads and Transport	X	X	-	X	-	-	-	-	-	-	-
Mahlangu G	Technical and Infrastructure e Services	Technical and Infrastructure Services	Acting Director: Technical and Infrastructure Services	x	x	-	-	--	-	--	-	-	--	-

APPENDIX K: REVENUE COLLECTION PERFORMANCE

Refer to Chapter 5.

APPENDIX L: CONDITIONAL GRANTS 2022/2023 FINANCIAL YEAR

Refer to Note 31 of the RLM Annual Financial Statement

APPENDIX N: CAPITAL PROGRAMME BY PROJECT: CURRENT YEAR

NW373 Rustenburg - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M12 June									
Vote Description	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Capital Expenditure - Functional Classification									
Governance and administration	7,543	48,199	39,249	1,258	22,349	39,249	(16,901)	-43%	22,349
Executive and council	2,528	27,770	25,041	187	16,454	25,041	(8,587)	-34%	16,454
Finance and administration	5,015	20,149	13,929	1,071	5,895	13,929	(8,034)	-58%	5,895
Internal audit	-	280	280	-	-	280	(280)	-100%	-
Community and public safety	(13,383)	72,511	71,584	5,142	44,016	71,584	(27,568)	-39%	44,016
Community and social services	(20,085)	31,003	41,026	1,302	28,250	41,026	(12,776)	-31%	28,250
Sport and recreation	2,204	22,042	13,442	2,414	10,533	13,442	(2,909)	-22%	10,533
Public safety	4,367	17,903	15,553	1,426	5,050	15,553	(10,503)	-68%	5,050
Housing	130	1,563	1,563	-	183	1,563	(1,380)	-88%	183
Health	-	-	-	-	-	-	-	-	-
Economic and environmental services	116,852	200,101	244,211	30,264	149,439	244,211	(94,772)	-39%	149,439
Planning and development	(1,086)	32,115	26,754	410	9,510	26,754	(17,244)	-64%	9,510
Road transport	117,938	167,987	217,357	29,853	139,929	217,357	(77,428)	-36%	139,929
Environmental protection	-	-	100	-	-	100	(100)	-100%	-
Trading services	59,022	304,496	269,569	21,106	97,686	269,569	(171,883)	-64%	97,686
Energy sources	50,123	150,318	115,981	10,024	44,955	115,981	(71,026)	-61%	44,955
Water management	(7,012)	28,000	37,400	3,841	24,335	37,400	(13,065)	-35%	24,335
Waste water management	15,221	119,298	111,308	7,241	28,396	111,308	(82,912)	-74%	28,396
Waste management	690	6,880	4,880	-	-	4,880	(4,880)	-100%	-
Other	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	170,034	625,308	624,613	57,770	313,490	624,613	(311,123)	-50%	313,490
Funded by:									
National Government	146,882	431,069	431,221	49,234	280,637	431,221	(150,584)	-35%	280,637
Provincial Government	49	619	892	63	364	892	(528)	-59%	364
District Municipality	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	146,931	431,688	432,113	49,298	281,001	432,113	(151,112)	-35%	281,001
Borrowing	28,740	-	-	-	-	-	-	-	-
Internally generated funds	(5,637)	193,620	192,500	8,472	32,489	192,500	(160,011)	-83%	32,489
Total Capital Funding	170,034	625,308	624,613	57,770	313,490	624,613	(311,123)	-50%	313,490

APPENDIX O: CAPITAL PROGRAMME BY WARD

Refer to Appendix N

APPENDIX P: SERVICE CONNECTION BACKLOGS AT SCHOOLS & CLINICS

Type of Service	Backlogs
Water	None
Sanitation	None
Electricity	None
Waste Removal	None

APPENDIX Q: SERVICE BACKLOGS EXPERIENCED BY COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

None.

APPENDIX R: DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

DESCRIPTION	AMOUNT
FREE ELECTRICITY SUPPLY	

APPENDIX S: DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA s71

This is to verify that all section 71 reports have met the pre-set timeframes which according to section 28 of the Municipal Budget and Regulations stipulate that all Monthly reports have to be sent to the designated organ of the state before 10 working days have elapsed.

Number of Section 71 Reports submitted	Reasons for Non-Submission	Corrective Measures
12	Late submission due to financial system challenges	Procurement of a new financial system

APPENDIX T: NATIONAL AND PROVINCIAL OUTCOME FOR LOCAL GOVERNMENT

NATIONAL OUTCOME	ROLE OF MUNICIPALITY	KEY PERFORMANCE INDICATOR	TARGET	ACTUAL	PROGRESS REGISTERED
Decent employment through inclusive economic growth	Create an enabling environment for investment by streamlining planning application processes;	Number of catalytic projects facilitated by 30 June 2023	2	2	-
	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 2023	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.
A skilled and capable workforce to support inclusive growth	Link municipal procurement to skills development initiatives	Percentage of budget spent on training of personnel	95%	26.4%	Only 26.4% of the budget was spent
An efficient, competitive and responsive	Maintain and expand water purification works and	Number of sewer network projects implemented by June 2023	3	2	Designs for 2 projects were completed.

NATIONAL OUTCOME	ROLE OF MUNICIPALITY	KEY PERFORMANCE INDICATOR	TARGET	ACTUAL	PROGRESS REGISTERED
economic infrastructure network	wastewater treatment works in line with growing demand;	Number or water projects implemented by June 2022	2	0	Delay in approval of business plans.
Vibrant, equitable and sustainable rural communities and food security	Facilitate the development of local markets for agricultural produce;	Number of farms supported by June 2023	24	62	62 x Agricultural Projects Supported Through the Agricultural Support Programme
	Promote home production to enhance food security;	Green Economy Project		-	To be implemented in the 2022-2023 financial year
Sustainable human settlements and improved quality of household life	Cities must prepare to be accredited for the housing function;	KPI to be developed upon receipt of accreditation.	-	-	--
	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 2023	1 x Reviewed Spatial Development Framework (SDF)	Draft Spatial Development Framework (SDF)	The Draft SDF to be approved for the 20221-2022 financial year.
	Participate in the identification of suitable land for social housing;	Number of privately own portions of land acquired for	1	4	More than the targeted porti

NATIONAL OUTCOME	ROLE OF MUNICIPALITY	KEY PERFORMANCE INDICATOR	TARGET	ACTUAL	PROGRESS REGISTERED
		human settlement by 30 June 2023			
	Ensure capital budgets are appropriately prioritised to maintain existing services and extend services.	Percentage expenditure on Capital Budget 30 June 2023	≥95%	64%	Delay in implementing mSCOA system due to system challenges. Procurement of a new system at contract term end.
A responsive and accountable, effective and efficient local government system	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 by June 2023	8	0	CCRs to be assessed after proper consultation with national and provincial stakeholders.
Protection and enhancement of environmental assets and natural resources	Ensure effective maintenance and rehabilitation of infrastructure;	Percentage of budget spent on maintenance of infrastructure by 30 June 2023	8%	0%	-
	Run water and electricity saving awareness campaigns;	Number of electricity saving campaigns conducted by June 2023	5	8	-

NATIONAL OUTCOME	ROLE OF MUNICIPALITY	KEY PERFORMANCE INDICATOR	TARGET	ACTUAL	PROGRESS REGISTERED
	Ensure proper management of municipal commonage and urban open spaces;	KPI to be developed	-	-	-
	Ensure development does not take place on wetlands.	KPI to be developed	-	-	-